RISE OF RENTAL:
ENCOURAGING THE DEVELOPMENT OF PURPOSE-BUILT RENTAL APARTMENTS ACROSS VANCOUVER AND TORONTO

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RISE OF RENTAL:

Encouraging the Development of Purpose-Built Rental Apartments Across Vancouver and Toronto

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A Master’s Report submitted to the School of Urban and Regional Planning in conformity with the requirements for the degree of Master of Urban and Regional Planning

School of Urban and Regional Planning
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Top: “The Robert” 2525 Carnarvon St. (Orr Development) – City of Vancouver
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Bottom: “Cambie Street Rental Project” 57th and Cambie (South Street Development Group) - City of Vancouver
EXECUTIVE SUMMARY

Since the mid-1980s the development of purpose-built rental housing has decreased significantly in favour of condominium development in major Canadian cities. One third of Canadians are renters, however, less than 10 per cent of new developments built in the last 15 years were rental units (Canada Mortgage and Housing Corporation [CMHC], 2014a). Furthermore, first-time buyers are finding themselves priced out of ownership due to the increase in the land values across major cities. With a growing population, slow increases in income, and a limited new supply of purpose-built rental housing, the demand for modern rental housing has grown significantly. In a time where rental demand is at a 25-year high (Federation of Rental-housing Providers of Ontario [FRPO], 2015), this report attempts to dig deeper into this trend in the purpose-built rental housing market, and determine the factors that contribute to this demand and what can be done to accommodate it. Specifically, this research identifies the challenges faced by providers of purpose-built rental apartments (investors and developers), and examines policies encouraging their construction, such as the Rental 100: Secured Market Rental Housing Policy in Vancouver which will be examined in terms of its success and transferability to a municipality such as Toronto. In order to investigate this topic, the study was focused around the following four research questions:

I. Examining the supply of, and demand for, purpose-built rental apartments, what is the market size and relative share of this housing type in Vancouver and Toronto?

II. What are the specific challenges and/or barriers faced by investors/owners of purpose-built rental apartments?

III. Examining the Vancouver’s rental assistance policy (Rental 100), what components of this policy were determined to be significant in facilitating the development of purpose-built rental units, and to what extent can those be applied effectively in Toronto?

IV. What are recommendations for the City of Toronto and the City of Vancouver that would further encourage the construction of purpose-built rental apartments in both cities in the future?
A quantitative and qualitative approach was used that (a) reviewed relevant literature, (b) examined provincial and municipal policies, guidelines, and bylaws on rental housing; (c) conducted a survey (web questionnaire) and semi-structured interviews with key informants. In terms of findings, it was found that the current inventory of purpose-built rental housing stock in both cities is largely a result of the legacy of policies and decisions taken by the federal and provincial government during previous eras. While the two cities have several different policies that encourage rental housing, the current rental housing supply in both cities is unable to respond effectively to existing and emerging demands. More importantly, it was found that while both municipalities have been working towards protecting the current supply of rental (purpose-built) housing in the city, only the City of Vancouver has established and implemented a policy program (Rental 100) that sets to directly incentivize their development. Overall, from the key informant interviews it was determined that this policy program was able to accomplish what it was set to achieve. Several enabling and hindering factors to the development of rental housing were found. Key influencing enabling factors include allowance of additional density, Development Cost Levy waiver, and reduction in parking requirements. Key influencing hindering factors include lack of additional incentives from senior governments, long processing times, and high land prices.

Reflecting the overall findings and results, the study concludes with recommendations that both the City of Toronto and the City of Vancouver can consider. Recommendations 1 to 3 are directed to the City of Toronto, while recommendations 2 to 6 are suggested mainly for the City of Vancouver but should also be considered by the City of Toronto when creating and implementing a similar rental assistance policy in the future. The goal of these recommendations is to encourage the development of purpose-built rental apartments in both cities.

1. Establish a municipal level policy to encourage rental projects
2. Consider the provision of federal and provincial incentives for rental
3. Form a rental liaison in the city to manage and expedite rental projects
4. Provide attractive incentives to rental projects supporting the city’s sustainability goals
5. Opportunities to deliver more family units should be provided for developers
6. Public opinion and perception should be addressed to promote rental projects
ACKNOWLEDGMENTS

I would like to thank my supervisor and advisor, Dr. John Andrew, for his guidance, advice, and time provided throughout the course of the entire research and writing process.

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1.0 INTRODUCTION

Since the mid-1980s the development of purpose-built rental housing\(^1\) has decreased significantly in favour of condominium development in major Canadian cities. One third of Canadians are renters, however, less than 10 per cent of new developments built in the last 15 years were rental units (CMHC, 2014a). Furthermore, first-time buyers are finding themselves priced out of ownership. Many do not want the responsibility of owning a home, instead they want to be downtown, and free to seize opportunities in other cities. With a growing population, sluggish increases in income and a limited new supply of purpose-built rental housing, the demand for modern rental housing has grown significantly. In the last two years, vacancy rates have been hanging around 1.3 to 1.4 per cent in Toronto, and even lower in Vancouver with around 0.5 to 0.6 per cent (CMHC, 2014b; CMHC, 2015). In a time where rental demand is at a 25-year high (Federation of Rental-housing Providers of Ontario [FRPO], 2015), this report will attempt to dig deeper into this trend in the purpose-built rental housing market, and determine the factors that contribute to this demand and what can be done to accommodate it. In order to accommodate this demand, it is vital that planners understand the factors that affect this demand and its implications, such as deteriorating housing affordability. More importantly, by identifying and examining these factors, planners can better and appropriately plan for this demand in the future. Finally, promoting the construction of purpose-built rental apartments serves as an opportunity for planners to achieve a more balanced mixture of housing types across the housing spectrum.

1.1 OBJECTIVES AND RESEARCH QUESTIONS

This report explores the purpose-built rental apartment market as part of the case studies in both the City of Vancouver and the City of Toronto. Specifically, this research identifies the challenges faced by providers of purpose-built rental apartments (investors and developers), and

\(^1\) The term “purpose-built rental housing” refers to multi-family buildings constructed for the purpose of long-term rental tenure and generally not subdivided into co-op, strata condominium or fractional ownership arrangements.
Rise of Rental examines policies encouraging their construction, such as the Rental 100: Secured Market Rental Housing Policy in Vancouver. Lastly, a series of recommendations are offered for the City of Toronto to encourage the construction of purpose-built rental apartments through utilizing and implementing a similar rental incentivizing policy, as well as for the City of Vancouver in terms of modifications needed to its current rental assistance program.

Four research questions will help guide the report:

I. *Examining the supply of, and demand for, purpose-built rental apartments, what is the market size and relative share of this housing type in Vancouver and Toronto?*

II. *What are the specific challenges and/or barriers faced by investors/owners of purpose-built rental apartments?*

III. *Examining the Vancouver’s rental assistance policy (Rental 100), what components of this policy were determined to be significant in facilitating the development of purpose-built rental units, and to what extent can those be applied effectively in Toronto?*

IV. *What are recommendations for the City of Toronto and the City of Vancouver that would further encourage the construction of purpose-built rental apartments in both cities in the future?*

### 1.2 REPORT CONTENTS

In addition to the introduction, this report is organized into six additional chapters. Chapter 2 provides a literature review based on themes related to the topic of purpose-built rental housing. Chapter 3 focuses on the methodology used in this research, discussing the scope as well as the different research methods used to conduct this study. Chapter 4 provides background information, market conditions, and a summary of the relevant policy documents for the two municipalities examined as part of the case studies (City of Toronto and City of Vancouver). Chapter 5 presents the findings gathered from the key informant survey and interviews, followed by a discussion and recommendations for both municipalities in Chapter 6. The report then concludes with a summary and the limitations of this study as well as opportunities for future research in Chapter 7.
2.0 LITERATURE REVIEW

To gain insight and understand the topic of purpose-built rental housing, it is useful to begin by reviewing literature that has examined policies, initiatives, and case studies related to this topic. Literature from sources such as Federal, Provincial, and Municipal governments as well as private-sector and interest groups reports, was all examined. Consequently, this literature review attempts to highlight different authors' views on this topic by comparing and contrasting their conclusions, and determining any gaps in the literature that exists. The first part of the review examines literature discussing the past, current, and future market trends in the purpose-built rental housing sector in Ontario. It should be mentioned that section ‘4.0 Case Municipalities’ provides more detail on the market conditions (supply and demand) of this segment of the market. Additionally, the purpose-built rental market in British Columbia was not examined as part of this review, however it can be said that both Ontario’s and British Columbia’s rental markets have experienced similar conditions (as discussed in section ‘4.0 Case Municipalities’). The second part examines literature that identified barriers to the construction of purpose-built rental apartments, thereby limiting their supply in the market. And finally, the last part of the literature review examines policies and/or initiatives that encouraged the construction of purpose-built rental housing in the past, as well as other additional policies and/or initiatives identified from research by others that recommends ways to stimulate private rental projects in the future.

2.1 MARKET TRENDS

Rental housing market trends, particularly in the purpose-built segment of Ontario and the City of Toronto, have noticeably changed in the past few decades. A number of studies examining market trends in the purpose-built rental housing segment have found that privately-initiated rental housing starts have been extremely low since the mid-1970s and further experienced a sudden decrease since 1986 (Housing Supply Working Group [HSWG], 2001; Clayton Research Associates, 2000; and Lampert, 1999). Specifically, the supply of new purpose built rental went from approximately 267,000 between 1961 and 1986 to just under 48,000 between 1987 and 2015 (further detailed breakdown is available under ‘Figure 1’ section 4.1.2)
Rise of Rental (Suttor, 2014). This situation is further exacerbated as vacancy rates in this segment have been relatively low since the mid-1970s and at some periods reaching an undersupplied or “tight” market conditions, characterized as having a vacancy rate less than 1 percent (CMHC, 1999; Clayton Research Associates, 2000). In 2015, the City of Toronto vacancy rate stood at 1.5 per cent and showed very little signs of easing up (CMHC, 2015). Other sources examining the demand for rental housing have argued that future demand in this segment is expected to increase and is well below the current rate of rental housing production; taking into account alternative sources of rental accommodation. (Lapointe and Kerur, 2010; Pomeroy, 2012; and FRPO, 2015). Moreover, a study by Lampert (1999) found that, while there was a substantial decline in the number of purpose-built new rental housing over the past two decades, there has been an increase in the volume of “non-conventional” rental housing – rented condominiums, secondary (basement) suites, and houses for rent. This study further claims that this non-conventional rental supply has been accommodating much of the increase in demand in this segment of the market (Lampert, 1999). A recent report by CMHC has indicated that about 50 per cent of the newly completed condominium apartments in 2014 have been rented in the City of Toronto (CMHC, 2014).

Examining recent trends in the rental market, a report by CMHC (2014), has found that from 2006 to 2011, the number of renter households increased by 200,000 to 4.1 million, consistent with slower income and employment growth, and higher immigration (CMHC, 2014a). It is estimated that future demand for rental housing in Ontario will remain at about 10,000 homes a year for the next decade, taking into account alternative sources of rental accommodation. In addition, about half of the households in the City of Toronto rent, this figure is expected to increase in the future because of declining ownership affordability and because of demographic changes (Lapointe and Kerur, 2010). Studies examining other trends in rental housing have also identified a recent trend where millennials are staying longer in rental housing, driving up rental demand by delaying transition to homeownership (Goodman Report, 2014; and, CMHC, 2014). Strong population growth among millennials (early 20s to mid-30s) has become an engine of growth for the rental market over the past few years. As of 2013, millennials represent about 20 per cent as a proportion of the total population (13,889,861) in the Province of Ontario
(Statistics Canada, 2013). With the average first-time home buyer age in Toronto set at 37 years, the millennial population is expected to stay longer in rental and delay their transition to homeownership over the next few years (CMHC, 2014b). Studies by CMHC argue that young Canadians (ages 25-34) are also showing a strong interest not just in older traditional rentals, but also in the higher-end offerings found in new purpose-built rentals as consumer appetite grows in this housing sector (CMHC 2014a; and CMHC, 2014b). A recent report by the Warren and Kelly (2015) discusses the current rental market conditions, identifying it as the rise of permanent renters - a growing new demographic in the Canadian and the GTA markets. The authors also claim that “some older homeowners are often opting to sell their homes and cash out, moving into high-end or luxury rental units and keeping the proceeds from the sale for spending” (p.8).

In this aspect, it is important to note that the number of seniors aged 65 and over in Ontario is expected to more than double, from 13.7 per cent (1.8 million) in 2009 to 23.4 per cent (4.2 million) by 2036 (McDonald, 2011). This is similarly the situation in British Columbia, where about 20 per cent of seniors are renters and about 93 per cent living independently (Office of the Seniors Advocate, 2015). Finally, examining the costs of renting versus owning an important factor arises. When house prices rise, as they have done consistently over the past decade, households have to invest more (larger down-payments and take on larger mortgage payments) in order to afford existing fixed assets (Federation of Canadian Municipalities, 2012). This means that for some households, the option of owning is far from feasible, and in this case it simply becomes more beneficial to rent than it is to own in most metropolitan areas.

This section has discussed the findings of different sources of literature that examined market conditions as well as trends in the purpose-built rental housing market. Several reports have found similar findings and drawn similar conclusions. Among these findings is a growing concern voiced by many of the reports in respect to the growing demand for rental housing which has not been properly accommodated by a supply of new purpose-built rental housing. As mentioned in other reports, the demand for more purpose-built multi-unit rentals is expected to rise with more units coming on stream as a result of upcoming trends in the Canadian and GTA housing market (CMHC 2014a; CMHC, 2014b; and, Goodman Report, 2014). As many of the
sources have mentioned this demand is mainly due to the current demographic factors and trends in both the millennial and senior population.

2.2 BARRIERS

As the previous section has pointed out, new supply of purpose-built rental housing have been extremely low in the past few decades. Consequently, this literature review examined sources that discuss the barriers and factors that have impeded the construction of new purpose-built rental housing in Ontario and caused a reduction of its supply to the market. Several sources that have been examined argue that a number of factors underline the lack of purpose-built rental production. The commonly repeated factors discussed in these sources are taxation of rental investment income and municipal fees and charges such as property taxes and development charges (HSWG, 2001; Clayton Research Associates, 1998; Clayton Research Associates, 2000; and, Pomeroy, 2012).

One of the factors behind the decline in rental housing production is the removal of more favorable federal income tax treatment at the beginning of 1972 (HSWG, 2001). Specifically, the federal government has put a restriction on the use of “paper losses” from capital cost allowances (CCA) as tax shelters against income from other sources, and a restriction on the deduction of soft costs from income generated from the project when calculating tax has also contributed to hesitations by developers to develop rental units (HSWG, 2001; Clayton Research Associates, 1998; and, Pomeroy, 2012). Further, in a study by Clayton Research (1998) the author discusses a provision that was available to investors of rental housing properties prior to 1971 and allowed them to defer CCA recapture upon the sale of a rental property by purchasing another rental property at an equal or greater price - this provision is referred to as ‘rollover’ (Clayton Research Associates, 1998, p.13). According to estimates by HSWG (2001), the impact of ‘rollover’ provisions on Internal Rate of Return (IRR) to long term investors is significant. In a city such as Toronto, the IRR for a rental development with no rollovers is estimated at 10.12 per cent, compared to 11.76 per cent for development in which the provision of rollover is allowed; this is based on an estimate calculated under conditions which were set in 2001 (HSWG, 2001, p.17).
Reports by the HSWG (2001) and FRPO (2015), claim that taxes or charges that municipal governments charge developers of rental housing are an additional barrier that many developers or investors of rental housing are facing. Specifically, they claim that the high development charges and unfair property tax assessment of multi-residential dwellings (i.e. purpose build rental buildings) in the Greater Toronto Area is to blame (HSWG, 2001; and, FRPO, 2015). According to estimates by FRPO (2015), a new high-rise rental apartment building must pay an estimated $25,000 to $30,000 per unit in upfront development charges and fees. Furthermore, ongoing property taxes for the same building would cost an estimated $2,500 per unit per year, or over $200 per month per tenant (FRPO, 2015, p.18). Rental housing, when provided at market rates, is one of the most important affordable housing options for a variety reasons. The current system of charging development charges can negatively impact a rental development proposal and render it financially unviable. In terms of property tax and assessment of multi-residential buildings, the current policies in Ontario unfairly treat rental properties and are barriers for rental housing developers (FRPO, 2015). In Ontario, the average tenant faces a property tax rate of 1.78 per cent of the current value assessment of their home. In contrast, the average homeowner in Ontario pays a property tax rate of 0.68 per cent (FRPO, 2015). As a result, tenants bear the full costs of property taxes as it is transferred to their monthly rent and affects their affordability.

A report by HSWG (2001), emphasizes another factor in the reduction of the supply. According to HSWG, a sufficient spread between builder/developer and investor returns is a key driver of new rental development and is of concern to investors (HSWG, 2001). Similarly, a report by Pomeroy (2012) finds that in a number of cases, rental income generated is insufficient to offer a reasonable rate of return for investor due to land costs and construction costs being out of balance with revenues (Pomeroy, 2012). Finally, another barrier is the high cost of land, as well as high costs of construction and financing. With land prices increasing annually in both Toronto and Vancouver, and construction costs that in some cases equate to or near condominium construction value as many renters demand the same level of quality (finish and amenity) in purpose-built rental. As a result, the key challenge that has conspired against purpose-built rental investment has been that condo development has proven far more economical for developers
and investors. Therefore, it is of no surprise why many investors and developers choose the development of condominiums over rental.

The literature sources reviewed have found several key barriers to construction of new purpose-built housing. Reviewing various sources of literature, a common argument mentioned by several sources is that developers of rental housing are unable to create a new supply of purpose-built rental units due to unfavourable federal and municipal policies. Another common argument is that developers and investors are worried about generating enough revenue that will justify developing rental housing over the long-term as most are looking to capitalize on low-risk investment in a short period of time.

### 2.3 Policies/Initiatives

During the 1970s and 1980s when the supply of purpose-built rental housing suffered a decline, governments attempted to encourage new rental investment through a variety of programs which directly or indirectly subsidized new rental construction. Reports by the Housing Supply Working Group (2001), Clayton Research Associates (2000) and FRPO (2015), point out several examples of federal and provincial programs that were created during this time period. These policies include: Community Integrated Housing Program (Provincial), Ontario Accelerated Family Rental Housing (Provincial), Private Assisted Rental Program (Provincial), Ontario Rental Construction Loan (Provincial), Renterprise (Provincial), Canada-Ontario Rental Supply Program (CORSP) (Provincial-Federal), Multiple Unit Residential Building [MURB] (Federal), and Limited Dividend Program (Federal). These policies helped stimulate the construction of private sector rental housing in Ontario and the Greater Toronto Area (HSWG, 2001; Clayton Research Associates, 2000; and, FRPO, 2015). Since 1986 there have been no significant new private rental housing programs subsidizing rental construction. Lampert (1999) and Clayton Research Associates (2000), argue that with governments treating rental housing unfairly in their tax systems and their withdrawal from rental assistance programs, the supply of private rental housing in many parts of the province is further expected to decline (Clayton Research Associates, 2000; and, Lampert, 1999). As this report focuses mainly on the municipalities of Toronto and
Vancouver, this section will provide a more detailed summary of the municipal policies existing in both cities that encourage the development of purpose-built rental.

Several changes to municipal policies were recommended by several sources. For example, reports by both Clayton Research Associates (2000) and FRPO (2015), recommended municipal governments consider lowering or waiving development charges and the Province of Ontario Planning Act Section 37 contribution on new rental housing construction in order to boost the creation of new units (Clayton Research Associates, 2000; and, FRPO, 2015). Currently, both the City of Toronto and the City of Vancouver have policies in place prohibiting the conversion and demolition of rental properties across their city. In Toronto, this policy is named “Rental Housing Demolition and Conversion Bylaw” and does not allow the demolition or conversion of properties containing 6 or more rental units. Similarly, Vancouver has a policy in place named “Rate of Change policy”, this policy puts a moratorium on condo conversions for any property containing six units or more. As of 2012, the City of Vancouver has implemented a policy named “Rental 100: Secured Market Rental Housing” that aims to encourage the development of projects where 100 per cent of the residential units are rental. This policy provides incentives for developers, such as development cost levy (DCL) waiver, parking requirement reductions, and allowing additional density beyond what is available under existing zoning (City of Vancouver, 2015). More importantly, projects that include 100 per cent rental units in Vancouver do not have to pay any Community Amenity Contributions (CACs) which can be extremely costly for developers – approximately $70,000/unit. The Rental 100 policy is further examined in section ‘4.2.3 Policy Review’. 
3.0 METHODOLOGY

The following sections outline the scope covered by the report, the rationale behind using the case municipalities in this report, the data collection used, and the research methods used to collect and analyze the data.

3.1 SCOPE OF THE REPORT

The report initially focused on the purpose-built rental market in the City of Toronto and in the City of Vancouver in recent years, analyzing the supply of, and demand for this type of housing. These municipalities were selected as case examples due to similarities in their market sizes, cost of land and construction, and the increase in demand for rental housing both cities are currently experiencing (Goodman Report, 2014; CMHC, 2014; and, Warren and Kelly, 2015). The core of this report concentrated on examining the City of Vancouver’s rental assistance program, ‘Rental 100: Secured Market Rental Housing Policy’, to determine its effectiveness and transferability to a municipality, such as the City of Toronto. Based on the findings, this report provided recommendations for the City of Toronto that may encourage the construction of purpose-built rental apartments through utilizing and implementing a similar rental incentivizing policy program.

3.2 DATA COLLECTION

The report combined both quantitative and qualitative methods, otherwise known as triangulation to form a more effective analysis. According to Yin (2013), triangulation can further the goals of both methods used and increase the accuracy of the findings by contributing information that may have been missed by adopting only one perspective in the research (pp.118-129). The use of multiple sources of evidence and multiple methods helped ensure that data is triangulated, producing credible and rigorous case study work (Baxter, 2010; Yin, 2013). Consequently, this report used a methodological approach that (a) reviewed relevant literature, (b) examined provincial and municipal policies, guidelines, and bylaws on rental housing; (c) conducted a survey (web questionnaire) and semi-structured interviews with key informants.
3.2.1 LITERATURE REVIEW

The report conducted a literature review as a research method at the beginning of the research. The literature review provided background information related to the topic and identified research that has already been done on this topic. The literature review examined secondary data, such as studies and reports on the topic of rental housing and purpose-built rental in Canada, and in particularly on the rental market in Toronto. Literature review sources include the Canada Mortgage and Housing Corporation, Federation of Canadian Municipalities, scholarly peer-reviewed articles, and other governmental or private-sector reports.

3.2.2 DOCUMENT AND POLICY REVIEW

As part of the process of identifying planning policies and documents that pertain to, and encourage the construction of purpose-built rental apartments, a review of relevant federal, provincial, and municipal policies was carried out. Documents included, official plans, guidelines, and bylaws for the City of Vancouver and the City of Toronto (see – Table 1). The current Secured Market Rental Housing (Rental 100) program was closely examined in this report; section ‘4.2.3 Policy Review’ examined and discussed this policy in more detail. For the purpose of this report, the former federal and provincial policies rental stimulus programs, shown in Table 2, were not examined. However, it is important to mention the benefits of these programs as they contributed to the production of a large number of new rental units in the 1970s and 1980s (CMHC, 1999).
### Table 1 - List of Municipal and Provincial Policies Reviewed in this Study

<table>
<thead>
<tr>
<th>City of Vancouver</th>
<th>City of Toronto</th>
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<tbody>
<tr>
<td>- Secured Market Rental Housing (Rental 100) program</td>
<td>Rental Housing Demolition and Conversion Bylaw</td>
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<tr>
<td>- Rental Housing Stock Official Development Plan</td>
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<td>- Short Term Incentives for Rental Housing (STIR) 2009 - 2011</td>
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### Province of Ontario Policies

- Residential Tenancies Act (Post-1991 Exemption of Rent Control)

### Table 2 – List of Former Federal and Provincial Policies Related to Rental Housing in Canada

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<th>Former Federal &amp; Provincial Policies</th>
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<tr>
<td><strong>Provincial Policies</strong></td>
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<td>- Ontario Rental Construction Grant Program</td>
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<td>- Ontario Rental Construction Loan Program</td>
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<td>- “Renterprise”</td>
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<td>- Ontario Convert to Rent Program</td>
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<td>- Community Integrated Housing Program</td>
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<td>- Private Assisted Rental Program</td>
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<td>- Ontario Accelerated Family Rental Housing</td>
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<td>- B.C Rental Supply Program</td>
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<tr>
<td><strong>Federal Policies</strong></td>
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<tr>
<td>- Multiple Unit Residential Building (MURB)</td>
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<td>- Limited Dividend Program</td>
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<td>- Assisted Rental Program (ARP)</td>
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<td>- Canada Rental Supply Plan (CRSP)</td>
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3.2.3 KEY INFORMANT SURVEY AND INTERVIEWS

Perhaps the most important methodology used in this report as it helped address three of the four research questions, is the use of key informant interviews. The use of both a survey (web questionnaire) and semi-structured interviews allowed the researcher to grasp a richer understanding of the factors involved and was especially beneficial as it is flexible, allowing greater spontaneity and adaptation of the interaction between the researcher and the participants (Mack, Woodsong, MacQueen, Guest & Namey, 2005).

Participants in the survey and interviews included both developers and architects working at different firms that have been or were involved with developing purpose-built rental apartment projects considered under the Secured Market Rental Housing (Rental 100) program in Vancouver. This series of various actors from different professions helped facilitate a better understanding of different perspectives and expertise on the rental market, as well as the factors, benefits and shortfalls associated with this rental assistance program. Out of a total sample of thirteen (13) developers and architects that have been involved in the process of developing purpose-built rental apartments under the ‘Rental 100’ policy in the City of Vancouver, ten individuals\(^2\) (10) participated in both the survey and interviews as part of this report.

Initial communication was made with key informants by phoning or sending them an email with information containing details of the research purpose and involvement required (see Appendix A for the initial communication email). Some of the participants were referred to by the person initially contacted from their organization. The participants were first instructed to complete a short web-based questionnaire, containing a combination of eight (8) open-ended and close-ended, ranking, and multiple choice questions (see Appendix B for the questionnaire used). Several of the key informants also agreed to participate in a semi-structured phone interview with open-ended questions. Compared to other types of interviews, content-focused

\(^2\) Key informants included six (6) architects and four (4) developers located in the City of Vancouver.
semi-structured interviews maintain flexibility and allow the researcher to investigate deeper into each question probed (Dunn, 2010).

The web-based questionnaire was created through “Google Forms”. The questions in the questionnaire covered topics on Vancouver’s rental market, the enabling and hindering factors of the “Rental 100” rental incentive program, and future recommendations to improve the current conditions of the rental market. In terms of the phone interviews, questions varied slightly for each group of participants (i.e. developer, architects, and planners), however, all questions covered the above topics and attempted to further investigate factors and gain new insight on this topic.

### 3.3 DATA ANALYSIS

Following the collection of data, responses from the web-based questionnaire were analyzed and synthesized using “Google forms”. “Google forms” enabled the researcher to consolidate the responses into a single data feed. The responses were then exported on an excel spreadsheet, which was then used to create charts that represent the data. These charts allowed the researcher to measure the responses for each of choices given by the respondents for the different questions in the survey. Specifically, responses for each question were represented by charts that illustrate the number of respondents that indicated or chose their desired answer out of the total survey population. Responses from the phone interviews were also collected, main arguments or concepts were recorded and bolded out for ease of analysis in later stages. The data from both of these methods were then transcribed and analyzed through a thematic analysis approach. According to Boyatzis (1998), this approach is described as a process of encoding qualitative information which may be made through creating a list of themes or indicators (p.7). Consequently, the researcher used this method to draw out themes from the data, allowing the researcher to interpret the responses and develop conclusions as well as recommendations. For example, some of the themes derived from both the survey and phone interviews, included the measure of the success and importance of the ‘Rental 100’ program; enabling and hindering factors of the program; and, the policy change needed in order to improve the current rental market conditions in both Vancouver and Toronto.
4.0 CASE MUNICIPALITIES ANALYSIS

The subsequent sections provide more details on the topic of purpose-built rental housing in terms of context in the City of Toronto and the City of Vancouver, examining the rental market conditions and relevant policies that encourage their development in both cities.

4.1 CITY OF TORONTO

4.1.1 CONTEXT

The City of Toronto is the largest municipality in Canada, with a population of 2,615,060 (Statistics Canada, 2013a). Toronto's supply of housing is diverse, with renters and owners each comprising about half of the City's households. As of 2013, the number of households that rent in the city was 476,965; 46 percent as a percentage of all households in the City (City of Toronto, 2013). However, there is a significant gap in the supply of purpose-built rental housing, which has seen very little increase over the last few decades. Consequently, this has created several problems for the City, the most prevalent of which are the deteriorating affordability and shrinking diversity of the current housing stock (Burleton and Petramala, 2015).

The growth of the condo market in the past half-decade has provided a supply of new rental housing. However, affordability remains an issue for many tenants. Average rents amount to almost half of household income for earners in the bottom 40% and the share of those in core housing need remains unacceptably high (Burleton and Petramala, 2015). A recent report by CMHC has indicated that about 50 per cent of the newly completed condominium apartments in 2014 have been rented. Furthermore, the total stock of condominium apartment units that are being rented out increased to 29 per cent in 2014 from 27 per cent in the previous year (CMHC, 2014). It is important to understand that the addition of new condo units is by no means the solution for meeting the growing demand for rental housing. This is due to a multitude of reasons, one of the most significant is their vulnerability to market conditions which can result in their removal from the rental stream. According to the National Housing Survey, about one in three
Renter households are in core housing need within the GTA\textsuperscript{3}. The City of Toronto must strive to increase the supply of purpose-built rental, either by providing units at or above average rental rents throughout the city by facilitating and encouraging their development.

In terms of the diversity of the housing stock in the city, rising land costs and a lack of incentives have not only tilted new development in the city towards condo towers but also to shrinking unit sizes. The focus has shifted to supplying small multi-residential units to the market resulting in growing price premiums for both townhouses and single-detached units, this widening cost divergence is a major challenge in the rental market (Burleton and Petramala, 2015). The situation is further exacerbated as the current stock of purpose-built rental units in the city is aging and requires substantial new investment. This situation raises the question of how the city is going to accommodate the future housing needs of both the echo generation who are now ready to raise families as well as the growing population of seniors looking to move into rental apartments. A diverse housing market attracts residents and businesses, and includes rental as well as ownership housing. Therefore, the city must strive to create full range of housing that meets the needs of current and future residents. The City of Toronto’s quality of life, economic competitiveness, social cohesion, as well as its balance and diversity depend on it.

### 4.1.2 RENTAL MARKET CONDITIONS

The rental housing market condition, particularly in the purpose-built segment, has noticeably changed in the past few decades in the City of Toronto – see Figure 1. In 1975, when the Ontario government first introduced rent control, the number of new purpose-built rental housing starts in Ontario dropped by more than half – from over 100,000 units (1971-1975) to less than 50,000 units (1976-1980)(FRPO, 2015). Similarly, during this time the City of Toronto has also experienced a drop in new rental housing. As a result governments attempted to encourage new rental investment through a variety of programs which directly or indirectly

\textsuperscript{3} CMHC defines household as being in core housing need if it is spending 30\% of its pre-tax income on shelter costs and is living in a space that is inadequate (i.e., requires major repairs) or in a dwelling that is unsuitable (i.e., does not have enough bedrooms) (Canadian Municipal Housing Corporation, 2014).
subsidized new rental construction. Since 1986, however, there have been no significant new private rental housing programs subsidizing rental construction, resulting in a slow decline in the supply of rental housing. The post-1991 exemption, discussed in the next section, was able to stimulate the development of new purpose-built rental units, more than doubling the number of units constructed in Toronto from approximately 2,200 units in 1991 to close to 6,000 units in 1993. However, since 1993 the rental supply has been decreasing steadily with no net increase in the supply of primary rental housing units from 1996 to 2010. This is mainly due to a decade-long home-buying, condo-building boom that has resulted in high land prices and crowded out new rental construction in the City (City of Toronto, 2012). Over the past decade, the vast majority of the new rental supply has been supplied by the condo market. CMHC estimated that 40% of units currently under construction will be used as rental properties (CMHC, 2014). Recently, new construction of purpose-built rental units has been on the rise. Toronto is experiencing a rental renaissance with the number of new apartment units under construction hitting a 25-year high this year. At the end of 2015, there were 26 purpose-built rental apartment buildings under construction in the Toronto Area, containing more than 6,500 rental units (Urbanation, 2016a). Furthermore, 46 rental buildings are proposed for development in Toronto, containing more than 10,000 units. To put in the context of the total condo starts in Toronto, in 2015, 19,702 condo units were added to the current condo inventory; a slight decrease from the record 21,133 units in 2014 (Urbanation, 2016b). This is the result of demand for rental units and interest by both developers and institutional investors for new opportunities as the rental market offers assets with steady cash flow over the long-term. This new trend is happening in spite of high land prices and construction costs as well as failing cap rates in the Toronto, as investors of purpose-built rental can enjoy a low-interest rate environment and rental demand which is likely to remain strong in the years to come and provide them with long-term income producing assets.
Meanwhile, the demand for rental apartments has remained strong since 1996. CMHC reported vacancy rates for purpose-built rental apartments averaging under 1 per cent between 1996 and 2001, peaking at 4.3 per cent in 2004, and has decreasing to just 1.4 per cent in 2011. In 2015, the city’s vacancy rate was 1.5 per cent; and this is showing little sign of easing up this year. The low vacancy rates are a direct result from the demand caused by both soaring home prices further pushing people out of the housing market, and a new trend where millennials are staying longer in rental housing and delaying their transition to homeownership (Goodman Report, 2014; and, CMHC, 2014). This demand for rental housing is unlikely to be fully addressed in the near future. As demonstrated by Figure 1, development proposals for purpose-built rental in the City of Toronto reached 16,310 rental units between 2006 and 2015 (approximately 1,800 units annually) (City of Toronto, 2012). This compares unfavourably with a current rental demand of 10,500 units annually, suggesting a growing mismatch between the demand for rental housing and the potential supply (Tal, 2014). Demographic factors are the foundation on which much of housing demand depends on. Therefore, factors such as the anticipated growth of the City and the region from immigration and births, and Toronto’s age profile changing as different generations will cause housing demand to shift in response to changing household composition. Essentially, households will likely become smaller, couples will have fewer children, older
households will age in place, and more individuals will live alone (City of Toronto, 2012). Consequently, these trends will continue in the near future and as a result, demand for purpose-built rental will remain high if supply is short.

4.1.3 POLICY REVIEW

The City of Toronto cannot afford to lose its existing primary rental housing and is in dire need of stimulating the construction of new rental units if it is to meet the rental demand created by population growth and market trends. A number of policies and bylaws were put in place and are being implemented to protect the current stock of rental housing in the city. As it currently stands, there are no policies or programs that directly incentivize the construction of purpose-built rental units in the City of Toronto.

4.1.3.1 MUNICIPAL POLICIES

Official Plan

The City’s Official Plan housing policies protect rental housing and encourage assistance for new affordable rental housing. For example, the policies under “Section 3.2.1 Housing” protect rental housing properties with six or more rental units from demolition, severance or conversion to condominium. An exception is made where all the rental units have rents in the high-end as defined by the City. Further, Section 3.2.1 Housing Policy 4(a), mentions that:

“Assistance will be provided to encourage the production of affordable housing either by the City itself or in combination with senior government programs and initiatives, or by senior governments alone. Municipal assistance may include in the case of affordable rental housing and in order to achieve a range of affordability, measures such as: loans

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4 Affordable rental housing and affordable rents mean housing where the total monthly shelter cost (gross monthly rent including utilities – heat, hydro and hot water – but excluding parking and cable television charges) is at or below one times the average City of Toronto rent, by unit type (number of bedrooms), as reported annually by the Canada Mortgage and Housing Corporation.
and grants, land at or below market rates, fees and property tax exemptions, rent supplement and other appropriate assistance” (City of Toronto, 2007a, p.1).

**Rental Housing Demolition and Conversion Bylaw**

The city currently has by-law protecting existing rental housing from demolition or conversion. Municipal Code Chapter 667 under Section 111 of the *City of Toronto Act* gives the City enhanced authority to protect rental housing from demolition and conversion to non-rental purposes. The Residential Rental Property Demolition and Conversion Control By-law takes its policy direction from the City's Official Plan and is a tool to implement these policies. Generally, the policies and the bylaw apply to properties containing 6 or more rental units. In some cases, approval of demolition of private rental or social housing may occur if certain conditions are met (City of Toronto, 2007b).

### 4.1.3.2 PROVINCIAL POLICIES

**Residential Tenancies Act**

In order to stimulate the development of new purpose-built rental units, the government of Ontario has introduced the post-1991 exemption into the Residential Tenancies Act (FRPO, 2015). As a partial recognition that rent control policies of the past had hampered the development of new purpose-built rental housing units, the Ontario’s provincial government under Section 6 (2) of the Residential Tenancies Act has exempted rental units built after November 1991 from the annual guideline increase (Residential Tenancies Act, 2010). This policy remains the only incentive given by the government for the construction of new rental housing in the Province of Ontario.

### 4.2 CITY OF VANCOUVER

#### 4.2.1 CONTEXT

The City of Vancouver has a population of 603,502 (Statistics Canada, 2013b). Vancouver’s supply of housing is diverse, with renters and owners each comprising about half of the City's
households. As of 2011, the number of households that rent in the city was 136,135 out of 264,575 private households; 51 percent of all households in the City (Statistics Canada, 2013b). During the same year, Vancouver had the second highest proportion of rented households among Canada’s 15 largest cities, behind Montréal (City of Vancouver, 2014a). Since more than half of all households in Vancouver are rented, the rental housing sector contributes significantly to Vancouver’s social and economic diversity and is an important part of the housing continuum. Similar to Toronto, Vancouver needs more rental housing, as it suffers from deteriorating housing affordability, low vacancy rates, and high rents. These are all symptoms of a current shortage of rental housing.

The condo market boom in the last five years has provided a supply of new rental housing in the form of secondary rental units. Again, it is important to understand that the addition of new condo units is by no means the solution to meet the growing demand for rental housing. Rented condos have several limitations. They only offer limited security of tenure, since owners can decide to sell at any time and therefore create uncertainty around future supply. Furthermore, rental rates in Vancouver continue to be one of the highest in Canada; further deteriorating their affordability for those who are currently struggling to afford renting and living in them. According to a report by McClanaghan & Associates (2010), approximately 27 per cent of renter households in the City of Vancouver are in core housing need. Many of these households are facing a significant challenge finding affordable housing with the resources available to them. Therefore, the City of Vancouver must strive to create full range of housing especially in the form of rental housing, as it is important to meet the needs of a diverse population and is vital to a healthy economy throughout the city. This will also allow moderate-income households to stay in the city, as the household income of renters are typically half that of owners. With demand in the rental market expected to continue to grow, the City of Vancouver and all levels of government must facilitate and encourage the further development of purpose-built rental units in the city.
4.2.2 RENTAL MARKET CONDITIONS

The rental housing continuum in the City of Vancouver, particularly in the purpose-built segment, similarly to Toronto has noticeably changed in the past few decades—see Figure 2. Almost all of the City’s purpose-built rental units (approximately 35,019 units which now comprise 68% of the rental housing stock) were constructed between 1958 and 1973 (McClanaghan & Associates, 2010). This was the result of a proliferation of senior government housing programs that facilitated and encouraged this rental housing boom between the 1950’s and late 1970’s. Between 1975 and 1989, the construction of purpose-built rental units has drastically declined to about 2,746 units; a result of the diminishing of both federal and provincial rental incentive programs (McClanaghan & Associates, 2010). In the last two decades, there has been a change in the mix and profile of the rental housing stock as the majority of housing starts for the City have been in the ownership or investor sphere of the housing continuum, with a significant percentage of these starts being in a form of condominium apartment units. According to (McClanaghan & Associates, 2010) between 1990 and 2009, there were 64,855 apartment starts in Vancouver. Of those, more than 80% (53,112) were ownership starts and 20% (11,743) were rental starts. It should also be mentioned that between 1986 and 2006, the total stock in the city fell due to demolition of rental apartments and a lack of tax incentives for rental investments. Prior to the introduction of the “zero rate of change” policy in 2007 (discussed in the next section), from 1999 to 2007, approximately 6,180 units were lost due to demolition of rental buildings (McClanaghan & Associates, 2010). Recently, new construction of purpose-built rental units has been on the rise. CMHC’s rental market report (2015), claims that the City of Vancouver had nearly 230 new purpose-built rental apartments completed during the period July 1, 2013 to June 30, 2014; compared to 120 units completed during the same period a year prior (CMHC, 2015, p.3). Furthermore, in 2015 there were 834 newly created or renovated units added to the rental stock, the largest increase recorded since 1986 (Goodman Report, 2015). The increase in purpose-built rental apartments can be attributed to renowned interest by developers and investors in the rental market, and the addition of rental policies that encourage and incentivize their development.
Rental demand, on the other hand, outpaced the addition of new and renovated purpose-built rental units and has remained strong since 1971. McClanaghan & Associates (2010) found that vacancy rates have averaged 0.9% over the last 30 years, a direct result of the lack in rental supply (p.40). In addition, the research further shows that demand for rental units could grow by 15,000 to 23,000 units between 2006 and 2021 (about 1,000 to 1,500 additional units annually), compounding the current rental demand (McClanaghan & Associates, 2010, p.6). When put into perspective, between 1990 and 2009, an average of approximately 600 new rental units were constructed annually in Vancouver (McClanaghan & Associates, 2010). Recently, the vacancy rate in Vancouver edged up from 0.5 per cent in 2014 to 0.6 per cent in October 2015 (CMHC, 2015). Despite this increase, the rental market remains tight in the City. This increase in demand in recent years can be attributed to a number of factors. Some of the key factors that were found to be putting downward pressure on the demand for rental housing, include the anticipated growth of the City and the region as a whole from immigration and births, stronger labour market conditions, as well as the cost of home ownership that is continuing to rise (CMHC, 2015; McClanaghan & Associates, 2010; Goodman Report, 2015). All of the above factors suggest that the number of renter households will increase in the next several decades. The City of Vancouver must strive to accommodate this growth through a combination of measures that require involvement from all levels of government.
4.2.3 POLICY REVIEW

Similarly to the City of Toronto, Vancouver cannot afford to lose its existing primary rental housing and is constantly striving to stimulate the construction of new rental units. A number of policies and bylaws were put in place and are being implemented to protect the current stock of rental housing in the city, including a policy that directly incentivize the construction of purpose-built rental units in the City.

4.2.3.1 MUNICIPAL POLICIES

Official Development Plan – “Zero Rate of Change” Policy

The City of Vancouver prioritizes the preservation and protection of Vancouver’s rental housing through the Rental Housing Stock Official Development Plan. Rental housing policy 2.4 of the plan “Zero Rate of Change” policy, requires that redevelopment projects with six or more dwelling units replace every demolished rental unit on or off the redevelopment site (City of Vancouver, 2007). This policy was intended to prevent the further loss of the existing rental housing stock in the zones covered by the policy, by requiring the replacement of rental units on a one-for-one basis.

Short Term Incentives for Rental Housing (STIR)

The STIR program – Short Term Incentives for Rental was implemented in Vancouver between July 2009 and December 2011. The objectives of the program were to increase the supply of market rental housing, create construction jobs in response to the economic recession in 2009, support the City’s sustainability goals, encourage the development of market rental housing for households that cannot afford to purchase a home, and inform the City’s long-term housing policies by testing its ability to enable market rental housing without assistance from the senior government (City of Vancouver, 2012).

The STIR program offered incentives to developers that were intended to help overcome the “viability gap” for rental projects through two different streams. The first expedited approvals for projects that fit within the existing zoning parameters and required no increase in density.
The second was for proposals requiring an increase in density to be viable, and therefore required rezoning. The STIR program offered the following incentives to stimulate the construction of rental housing:

- Development Cost Levy (DCL) waiver
- Parking reductions
- Density bonus
- Expedited permit processing

During the 2.5 year pilot (2009-2011), the STIR program resulted in 392 approved units in 100% rental projects, as well as 217 units approved of mixed strata/rental projects all of which were located along arterials, neighbourhood “high” streets, or near transit lines (City of Vancouver, 2012a) – see Figure 3 and Figure 4. This is a significant increase (270%) over pre-STIR rental production — CMHC data shows that from 2006 to 2010, there was an average of 150 new market rental units per year (City of Vancouver, 2012b). The program also created 1,705 new jobs and encouraged affordability by providing market rental units.

Figure 3 - Location of STIR projects (City of Vancouver, 2012)

Figure 4 - STIR Results (2009 - 2011) (Source: City of Vancouver, 2012a)
Secured Market Rental Housing (Rental 100) Program

Similarly to the STIR program, the Secured Market Rental Housing - Rental 100 program encourages the development of rental projects by providing incentives for developers. The main difference, however, is that the ‘Rental 100’ program only applies to rental projects where 100 per cent of the residential units are rental and will be secured for 60 years or the life of the building, whichever is greater (City of Vancouver, 2012a). The experience of the STIR program has shown that it is possible to enable market rental housing without senior government assistance, since it successfully stimulated and created the potential for 1,648 new units. Several lessons were learned from the review of the STIR program. It was found that STIR incentives work better for 100 per cent rental than mixed strata/rental projects, for example, the concurrent processing incentive was more effective for 100 per cent rental projects (City of Vancouver, 2012b). Further, 100 per cent rental projects provide better value for developers and investors, as the city contribution per unit for these projects is lower than in mixed projects which include both strata and rental units. Incentives for projects with 100 per cent rental units were more cost effective. For 100 per cent rental projects, the overall financial incentive provided by the city in order to create these units was just under $5,000 per unit ($1.9 million DCL waived for 392 rental projects), as compared with $75,000 per unit ($2.2 million DCL waived and $14 million CACs allocated) for mixed strata/rental projects (City of Vancouver, 2012b). This is because no Community Amenity Contributions (CACs) were collected on 100% rental projects as the increased rental density did not result in any increase in land value.

The Rental 100 program was implemented in 2012, offering two administrative streams for projects where 100 per cent of the residential development is rental: a simple stream (development permit process) and a negotiated stream (rezoning process). The table on page 28 outlines the requirements of the program and the incentives the program provides (see - Table 3). In addition, parking requirement reduction are also included as an incentive (see - Table 4). The goal of the policy is to essentially stimulate the construction of purpose-built rental apartments in the City of Vancouver. The policy targets moderate income households, and will help the City reach its goal of creating 5,000 new units of market rental housing by 2021 (City of
Vancouver, 2016). The policy also encourages the inclusion of family housing. The City’s target for family housing units is set at 25 per cent of units for all secured market rental developments. In other words, 25 per cent of the unit mix developers are required to provide in their rental development must have 2-bedroom units in order to qualify for the DCL waiver (City of Vancouver, 2012b). Furthermore, the City of Vancouver recently approved an amendment to the Vancouver development cost levy by-law and the area specific development cost levy by-law regarding for-profit affordable rental housing. This amendment seeks to improve the City’s rental incentive policies and encourage greater diversity in the types of market rental units created, particularly 3-bedroom units which are more suitable for families and children (City of Vancouver, 2015). Under the amendment, a DCL waiver for 3-bedroom rental units will be provided to encourage the provision of much-needed family-oriented housing. To qualify for a DCL waiver under the current DCL By-laws, the average rents for all unit types in a proposed project must be at or below the average rents for newer rental buildings, and will vary based on location (rents west of Ontario Street are higher than in the rest of the City). As an example, a rental project with 3-bedroom units that do not meet the rent cost requirement (must be at or below rents in DCL By-laws) but meet the average rents in all the other bedroom types, will be eligible for a partial waiver for those units (full waiver for studio, 1- and 2-bedroom units). In this case, a full DCL will be charged for the 3-bedroom units (City of Vancouver, 2012b). Also important to mention, as this policy was created and implemented about three years ago (2012) there are currently no official documents that have evaluated its results in terms of effectiveness. The next section of this report digs deeper into the policy and its success.
### Table 3 - Secured Market Rental Housing (Rental 100) Program Requirements (Source: City of Vancouver, 2012b)

<table>
<thead>
<tr>
<th>SIMPLE (DEVELOPMENT PERMIT PROCESS)</th>
<th>NEGOTIATED (REZONING PROCESS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For projects which can be developed under existing zoning.</td>
<td>For projects which require a change in zoning.</td>
</tr>
</tbody>
</table>

**Requirements:**
- No increase in density (meets existing District zoning schedule and/or Director of Planning discretion under the Zoning and Development By-law);
- No fewer than 6 legally secured rental units;
- Rental term shall be no less than life of the building or 60 years, whichever is greater;
- Unit sizes no less than 320 square feet;
- The maximum sizes for units:
  - Studio – 42 square meters (450 sq. ft.)
  - One-bedroom – 56 square meters (600 sq. ft.)
  - Two-bedroom – 77 square meters (830 sq. ft.) and
  - Three-bedroom – 97 square meters (1,044 sq. ft.)
- Complete/good quality application which meets City submission requirements.

**Eligible Incentives:**
- DCL waiver
- Relaxation of unit size to 320 sq. ft (provided design and location meet the City’s liveability criteria)
- Parking requirement reductions
- Requests for additional density above what is allowed under existing zoning will not be entertained

**Requirements:**
- Proposed increases in density should respect the context of the area and meet the intent of applicable City policies and plans;
- No fewer than 6 legally secured rental units;
- Rental term shall be no less than life of the building or 60 years, whichever is greater;
- Unit sizes no less than 320 square feet;
- The maximum sizes for units:
  - Studio – 42 square meters (450 sq. ft.)
  - One-bedroom – 56 square meters (600 sq. ft.)
  - Two-bedroom – 77 square meters (830 sq. ft.) and
  - Three-bedroom – 97 square meters (1,044 sq. ft.)
- Complete/good quality application which meets City submission requirements.

**Eligible Incentives:**
- DCL waiver
- Relaxation of unit size to 320 sq. ft (provided design and location meet the City’s liveability criteria)
- Parking requirement reductions
- Additional density beyond what is allowed under existing zoning
- Concurrent processing
### Table 4 - Secured Market Rental Housing (Rental 100) Parking Reduction Requirements (Source: City of Vancouver, 2014b)

<table>
<thead>
<tr>
<th>BUILDING CLASSIFICATION</th>
<th>REQUIRED AND PERMITTED PARKING SPACES</th>
</tr>
</thead>
</table>
| For secured market rental housing, except Downtown, in the Southeast False Creek area described in the Southeast False Creek Official Development Plan By-law, or in the East Fraser Lands area described in the East Fraser Lands Official Development Plan area | A minimum of 1 space for each 125 m² of gross floor area, except that if the secured market rental housing is within two blocks of a rapid transit station, or within two blocks of the intersection of two distinct bus routes that run north to south and east to west, or within the Metro Core described in Map 3.2.2A, except for the downtown area and Southeast False Creek, the minimum parking requirements is 20% less.  
  
  A minimum, for visitor parking, of that number of spaces which is equal to 7.5% of the total number of dwelling units in the secured market rental housing.  
  
  A maximum number of spaces equal to the total minimum number of spaces plus .5 spaces per dwelling unit.  
  
  A maximum, for visitor parking, of that number of spaces which is equal to 15% of the total number of dwelling units in the secured market rental housing. |
5.0 FINDINGS

The following sections highlight and discuss the findings gathered from the key informant survey (web questionnaire) and interviews. The participants in the survey and interviews included both developers and architects working at different firms that have been or were involved with developing purpose-built rental apartment projects considered under the ‘Rental 100’ policy in Vancouver. Specifically, this section examines and provides insight into this ‘Rental 100’ program in terms of its success and the factors under the program that have encouraged the development of purpose-built rental projects. More importantly, this section also looks at any other barriers to the development of these projects. The findings are categorized based on themes, allowing for the analysis and comparison of the responses.

5.1 SUCCESS AND IMPORTANCE OF THE ‘RENTAL 100’ PROGRAM

As of 2016, Seventeen (17) purpose-built rental apartment projects have been proposed under the ‘Rental 100: Secured Market Rental Housing Policy’, ten (10) of which have been approved by Council – See Appendix C for list of projects. The majority of the respondents (9 out of 10) from the web questionnaire indicated that the ‘Rental 100’ program was ‘important’ or ‘very important’ to the feasibility of the project(s) developed or considered under it. This figure represents the significance of the ‘Rental 100’ program in helping purpose-built rental projects to be proposed and ultimately developed with assistance from the program’s incentives. Furthermore, through phone interviews conducted with both developers and architects, respondents were asked about the success of the program and whether it has helped encourage the development of purpose-built rental units in the City of Vancouver. Many of the respondents acknowledged the importance of the program and its success, indicating that overall this is a good policy that offers up-front cost savings and stimulates the production of rental units in the City. From these responses, it was clear that the goal of the policy in stimulating the construction of purpose-built rental apartments was being accomplished. A few of the respondents, however, also revealed that the effect of the program has been somewhat limited; specifically in terms of encouraging the construction of bigger units for families. Further, one of the respondents claimed that there is not much incentive for developers to build larger, 3-bedroom units that will provide
housing for families in Vancouver. The analysis in the previous section, discussed the City’s initiative to include a share of units for family housing. Specifically, the City can provide a full or partial DCL waiver for projects with family units. From the responses gathered, however, there remains an issue with encouraging the construction of 3-bedroom units. This issue remains unsolved for some developers even after the City’s amendment, which was serves to encourage greater diversity in the types of market rental units created; in particularly 3-bedroom units. According to responses by those developers, 3-bedroom units cost more to the developer and as a result developers are forced to charge higher rents for them. This creates a challenge for developers in providing 3-bedroom units under or at average market rent prices in Vancouver.

### 5.2 ENABLING AND HINDERING FACTORS

Enabling factors of the ‘Rental 100’ program (or in other words, factors or elements of the program that have been most helpful in allowing for and encouraging the development of purpose-built rental apartments) were listed and examined. In addition, factors that have hindered the supply of new purpose-built rental units were also identified and similarly scrutinized. Figures 4 and 5 illustrate the responses gathered with respect to both enabling and hindering factors. As Figure 5 shows, all of the respondents (10 out of 10) indicated an ‘other’ factor with regards to factors that impede the development of new purpose-built rental units. The factors listed under this ‘other’ category by the respondents were examined separately in sub-section ‘5.2.2 Hindering Factors’.

**Figure 4 - Enabling Factors**

![Enabling Factors in the 'Rental 100' Policy](image_url)
5.2.1 ENABLING FACTORS

ADDITIONAL DENSITY

One of the key encouraging factors identified by the web questionnaire is allowing for additional density beyond what is available under existing zoning for new development of purpose-built rental apartments. All of the respondents (10 out of 10) indicated that this factor was helpful in allowing for the development of rental projects. Further, eight out of ten respondents ranked this factor as ‘most important’ to the viability of the project(s) proposed. Several of the respondents, when asked about the importance of density to their project, stated that the addition of density often proves to be a crucial factor in allowing for their project(s) to materialize as it allows for a greater profit to be made from the sale of extra units. For these respondents, the prospect of increased density on their site meant that a rental development could be viable and worthwhile especially when compared to a condo development on a similar site. In order words, the addition of density will allow the developer to increase their profit margins which otherwise was not an option for a condo development on this site.

DEVELOPMENT COST LEVY (DCL)

In terms of enabling factors, the second most chosen factor by respondents (9 out of 10) was the Development Cost Levy (DCL) waiver the City of Vancouver offers developers. 70 per cent of the respondents ranked this factor as ‘important’ in assisting with the development of
their project(s). For many respondents, the DCL waiver offers substantial up-front cost savings. These up-front cost savings reduce the level of risk for developers, without which the project(s) would not have been feasible.

**REDUCTION IN PARKING REQUIREMENTS**

An additional enabling factor that have been determined by respondents to be helpful in allowing for the development of purpose-built rental project(s), is the reduction in parking requirement minimums. Eight out of ten respondents chose this factor, indicating that it is indeed supportive. When asked about the importance of this factor, four out of ten respondents felt that the reduction in parking requirements is ‘important’, some (2 out of 10) felt that it is ‘somewhat important’ or ‘not very important’. This indicates mixed opinions on this factor, this is mainly because some of the projects met the City’s Parking By-law standards for a secured market rental development and did not require an amendment to reduce the number of parking spots. However, one of the respondents raised the concern that underground parking is expensive and therefore discourages developers to pursue rental once it is required on their small site. In such cases, a reduction in parking requirements might allow the development to occur.

**CONCURRENT PROCESSING**

The web questionnaire revealed an interesting result with respect to the importance of concurrent processing in allowing for and encouraging the development of purpose-built rental projects. Similarly to the previous factor discussed, this factor has also received mixed results as demonstrated by Figure 6. Examining the reason behind this factor through phone interviews with several respondents provided good insight. Several of the respondents claimed that this factor promises a 25 per cent cut down in terms of processing time for an application, which may typically result in taking 8 to 12 months of processing time. Several other respondents, however, indicated otherwise. Their opinion is further discussed in the next sub-section, ‘Long Processing Time (Other)’.
OTHER (COMMUNITY AMENITY CONTRIBUTIONS [CAC] WAIVER)

Four of the ten respondents chose a different factor that was not listed on the list of factors provided as part of the web questionnaire. This factor is the Community Amenity Contribution (CAC) waiver. Half of the respondents that chose this factor also indicated that it was ‘very important’ to their project(s). As previously mentioned in section ‘4.2.3 Policy Review’ of this report, all of the 100 per cent purpose-built rental projects proposed under the ‘Rental 100’ policy did not have to provide any CACs, and therefore received a significant waiver for these charges which allowed their project(s) to be proposed and developed. CACs can be extremely costly for developers and investors of purpose-built rental apartments. During the time when STIR was implemented, approximately $14 million of CACs fees were required to be allocated for proposed projects (City of Vancouver, 2012b). Therefore, it is of no surprise that this factor was rated as ‘very important’ in terms of enabling rental projects to move forward.

5.2.2 HINDERING FACTORS

LACK OF INCENTIVES

One of the impeding factors that hinders the development of new purpose-built rental projects as indicated by four out of the ten respondents is the lack of incentives from different levels of government. Respondents stated that there are no incentives provided by higher levels
of government in Vancouver, currently the only incentive program is the ‘Rental 100’ program. These respondents discussed the importance of incentives for rental housing and their contribution to improving the affordability in the City, which according to them should be a key concern for not only the City but also the province and federal government alike.

LONG PROCESSING TIME (OTHER)

As previously mentioned, when questioned on the importance of concurrent processing as a factor, several differing opinions were provided by the respondents. Among six of the ten respondents, the long processing time of their application, and any future applications, was considered as a hindering factor to the development of their purpose-built rental project(s). Discussing this factor further in a phone interview with several of the respondents revealed that although the City does in fact encourage the development of new purpose-built rental projects through the ‘Rental 100’ policy, the most problematic aspect has been the City’s approval process. According to one respondent, the City has sluggish responses when it comes to the process of approval itself and this as a result of bureaucratic tendencies that slow this process and make it onerous for developers. Another respondent claimed that the two biggest issues that his firm has experienced are the complete disconnect between the different departments within the City and the time it takes to get rezoning and permits approved. According to this respondents, this has resulted in rental projects taking longer to get underway than market condos. Further, as there are no set timelines that can be set by the developer, this consequently limits the ability of the applicant to set costs for the development of these projects – hindering the ability and success of developing purpose-built rentals in the City.

LAND PRICES (OTHER)

With respect to hindering factors, a few respondents (3 out of 10) indicated that the high costs of land in the City of Vancouver are currently impeding the development of purpose-built rental projects. Several of the phone responses gathered on this factor similarly revealed that the biggest barrier to developers is the prohibitive cost of the land. The cost of the acquisition of land
must be included in the development costs of rental projects, resulting in riskier investment for both investors and developers as the margins of profit become thinner.

**5.3 POLICY CHANGE NEEDED**

When asked whether Vancouver’s housing market is currently experiencing a rental resurgence due to various factors, the majority of the respondents (8 out of 10) indicated ‘yes’. Further, when asked if they believe the provincial and federal government are doing enough to encourage the construction of purpose-built rental units, the majority (8 out of 10) stated ‘no’. This raises many concerns for the future of rental housing in the City of Vancouver, especially when factors such as long application processing times, high land prices, and a lack of incentives from different levels of government are further discouraging the development of purpose-built rental projects. As previously discussed, the most problematic aspect of the ‘Rental 100’ policy has been the City’s approval process. One respondent stated the following on this matter:

“There is no leadership at the City when it comes to rental projects. Design panels do not like to see extra density but the planning department gives you more. Engineering demands certain items that only come up once we have our development permit which reduces the feasibility of the projects.”

This respondent is urging the City to have a ‘Rental Liaison’ that will take the project all the way from rezoning to permits so that all departments can connect through that one person. Another recommendation brought forward was to remove the moratorium on existing and old rental stock (existing tenants could get right of first refusal at existing rental rates), and allow increased density on arterial streets and near transit if rental is included on those sites. This will allow developers to better utilize the current stock of land in the City to develop new purpose-built rental apartments. As another respondents stated, “the biggest barrier to the development of new rental housing in Vancouver is the prohibitive cost of the land”. According to this respondent, a federal and provincial policy in place to encourage the construction of rental housing would likely allow more projects to be built.
Finally, several other interesting recommendations were brought forward as part of the web questionnaire and phone interviews. These recommendations are further outlined below:

- A sliding scale of DCL waivers that would recognize unit sizes was suggested. For instance, developers that desire to build large rental units with higher rents could receive a partial waiver of DCLs. Consequently, this will incentivize small, more affordable units, but would give the developers an option to build different types of rental units. This option is available as part of the ‘Rental 100’ policy for projects with 3-bedroom units as discussed in the previous section (‘4.2.3.1 – Municipal Policies’)

- An interesting finding that also mirrors findings from several cases where a development application for rental was opposed by nearby residents, was brought forward by a respondent who claimed that the public perception for rental projects is often conservative. According to the respondent, residents view parking relaxations or variances as negative impact to their surrounding community. Therefore, the City should improve the perception of residents towards rental housing to view it as a positive for their community and city as a whole.

- A few respondents have also mentioned the need to have clear guidelines in terms of built form as there is too much uncertainty as to what the City expects. According to one respondent, in Vancouver rezoning requires designing high performance buildings (low energy use). These buildings are essentially cost saving, and are extremely beneficial in the long-term for rental housing. Public policy should not lose sight of the objective to keep rental housing as higher quality buildings and should incorporate this as part of their built form guidelines.
6.0 DISCUSSION AND RECOMMENDATIONS

A number of key findings emerged through the literature review; case municipality examination and policy review; and (most importantly) the key informant survey (web questionnaire) and interviews with developers and architects involved in the development of purpose-built rental projects. Both the literature review and the case municipality examination revealed several interesting findings on the topic of purpose-built rental housing in Toronto and Vancouver. Setting the context and background, both sections have highlighted different authors' views on this topic and have examined the rental market conditions and policies that pertain to, and encourage the construction of purpose-built rental projects. This study found that the current inventory of purpose-built rental housing stock in both cities is largely a result of the legacy of policies and decisions taken by the federal and provincial governments during previous eras. While several variations with policy encouraging rental housing were found between both cities, the current rental housing supply is unable to respond effectively to existing and emerging demands. Specifically, it was found that both municipalities have been working towards protecting the current supply of rental (purpose-built) housing in the city. However, only the City of Vancouver has established and implemented a policy program (Rental 100) that sets to directly incentivize their development. Responses gathered from the key informant survey (web questionnaire) and interviews proved to be invaluable, as they provided essential information on the success and limitations of Vancouver’s ‘Rental 100’ program, and more importantly the current barriers to the development of purpose-built rentals and the changes needed to further stimulate their supply. Taking into account all of the findings gathered from this study, a series of recommendations are offered for the City of Toronto, as well as for the City of Vancouver in terms of modifications needed to its current rental assistance program.

Recommendations 1 to 3 are directed to the City of Toronto, while recommendations 2 to 6 are suggested mainly for the City of Vancouver but should also be considered by the City of Toronto when creating and implementing a similar rental assistance policy in the future. Together the goal of these recommendations is to encourage the development of purpose-built rental apartments in both cities in the future.
1. THE CITY OF TORONTO SHOULD ESTABLISH A MUNICIPAL-LEVEL POLICY TO ENCOURAGE RENTAL PROJECTS

Perhaps the most important recommendation for the City of Toronto is to form a policy at the municipal level, similarly to Vancouver’s ‘Rental 100’ program. This would help stimulate the development of purpose-built rental projects by providing incentives for developers. As it was demonstrated by the findings from the web questionnaire and phone interviews, the large majority of respondents acknowledged the importance of Vancouver’s ‘Rental 100’ program in encouraging purpose-built rental projects. For many developers, the implementation of a policy that provides incentives that offer up-front cost savings for the City considerably reduces the risk inherent in long-term rental development and enables projects to be financially feasible. The success of the “Rental 100” program, and its predecessor the ‘STIR’ program, demonstrated the ability of Vancouver to encourage rental housing without senior government assistance. Therefore, both of these programs serve as a proof that other comparable municipalities in Canada such as Toronto can greatly benefit from a similar rental assistance program. Further, these programs also. If a similar policy is to be implemented in Toronto, it will effectively help encourage the construction of purpose-built rental units in the City.

2. CONSIDER THE PROVISION OF FEDERAL AND PROVINCIAL INCENTIVES FOR RENTAL

As mentioned in this report, since 1986 there have been no significant new rental policies or programs subsidizing rental construction, resulting in slow decline in the supply of rental housing. The Province of Ontario introduced the post-1991 exemption into the Residential Tenancies Act exempting rental units built after November 1991 from the annual guideline increase (Residential Tenancies Act: Statutes of Ontario, 2006). However, neither the Province of Ontario nor does the Province of British Columbia offer direct incentives for the development of purpose-built rental projects. The majority of developers and architects involved in the development of new purpose-built rental projects in Vancouver have raised concerns over the federal and provincial governments’ role in encouraging their construction, stating that a policy in place from the senior government will likely allow more projects to be built. Senior government involvement through various options are essential to the creation of housing for all types of
households. The literature review has examined several sources that offer potential initiatives and changes to federal and provincial policies that may encourage rental investment in the future. Some sources suggested that governments provide a more positive tax environment and lending incentives, or reintroduce a program of low-interest loans that will be provided to developers constructing rental housing; this program will assist by reducing the financial burden of borrowing to build (Pomeroy, 1999; Private Sector Housing Roundtable, 2012). For example, investors or developers can be allowed to defer capital cost allowances (CCA) recapture and capital gains on the proceeds from the sale of rental property when the proceeds are reinvested within a reasonable time frame in another rental property (similarly to the U.S. Federal tax system which allows this) (Clayton Research Associates, 2000). Finally, it is important to note that this recommendation is provided to the federal and provincial government as municipalities such as Toronto and Vancouver have little power in controlling the provision of funding from senior governments.

3. FORM A RENTAL LIAISON IN THE CITY TO MANAGE AND EXPEDITE RENTAL PROJECTS

A major concern and barrier to the development of purpose-built rental project proposed under the ‘Rental 100’ has been the City’s lengthy approval process, as identified by several of the key informants in the interviews and survey. There is currently no leadership at the City of Vancouver when it comes to rental projects, causing a divide or disconnect between different departments in the City. It will be beneficial for the City of Vancouver, and potentially City of Toronto, to consider forming a rental liaison position within the City departments that will manage and expedite rental application from the moment they are received. The rental liaison’s main task would be to ensure that the review process from rezoning to permits is coordinated between all departments in the city and the developer. It is essential that the City remains accountable and transparent when dealing with processing applications for the development of new purpose-built rental units. The applicant must be informed of any requirements or conditions to its applications at an early stage, as any changes may affect the bottom line and could jeopardize the proposal. Slow processing times by the City render the applicant unable to set timelines and costs which ultimately drive the success of developing purpose-built rental
projects. Therefore, the City should consider a rental liaison to avoid a slow application processing time and ensure the City’s different departments are working in unity.

4. PROVIDE ATTRACTIVE INCENTIVES TO RENTAL PROJECTS SUPPORTING THE CITY’S SUSTAINABILITY GOALS

Vancouver’s ‘Rental 100’ policy currently supports the City’s sustainability goals by encouraging purpose-built rental projects along commercial areas, neighbourhood “high streets,” arterials, and areas where transit oriented density is being pursued. Many developers strongly agree that it will be more viable to pursue rental development in these areas if their development was allowed more density and was offered a relaxation of parking regulation and requirements. Specifically, the City should offer a more attractive package of City-level incentives on sites that encourage more use of alternative modes of transportation (i.e. car share, bike, and public transit), facilitate high-quality design, incorporated into parks and open space, and are mixed-use. This package could include further relaxation of parking minimums and allow extra density for site that are transit-oriented and demonstrate elements of sustainable development emphasizing on sustainability and livability. For instance, a project that is incorporated or is in close proximity to a transit station would receive a reduction in the minimum parking required for each unit. Finally, this recommendation will also circumvent opposition by residents that may be affected by the potential encroachment in their established residential neighbourhoods. And more importantly, it will provide the city with flexibility in terms of delivering greater density to rental projects and encourage their development in neighbourhoods near transit corridors.

5. OPPORTUNITIES TO DELIVER MORE FAMILY UNITS SHOULD BE PROVIDED FOR DEVELOPERS

Family housing is a priority for both the City of Toronto and Vancouver. In both cities concerns were raised about the lack of family housing (2 or more bedrooms), especially within the downtown core (City of Toronto, 2009; City of Vancouver, 2012b). A report by the City of Vancouver (2012) raised concerns about the lack of family housing achieved through the STIR program — over 85% of the approved STIR units were either bachelor or one-bedroom (City of Vancouver, 2012b). The ‘Rental 100’ program includes a target for family housing units – 25% of
all units in secured market rental developments should be appropriate for families (City of
Vancouver, 2012b). It is recommended that opportunities to deliver more family units suitable
for children and families, especially 3-bedroom units, be encouraged to create more diversity in
the rental housing stock and achieve this goal. Currently, the ‘Rental 100’ policy provides only
partial waivers, as mentioned in the previous section. However, other incentives should be
provided to developers through community planning programs. For example, a Community
Improvement Plan (CIP) can be created that will provide further financial incentives for
developers in specific areas of the city where affordable family housing is needed. Another
example could be to allow more density for projects that propose family units and are located
near schools. This could help avoid the closure of schools in those areas due to the lack of families
with young children that require a school to be located nearby.

6. PUBLIC OPINION AND PERCEPTION SHOULD BE ADDRESSED TO PROMOTE
RENTAL PROJECTS

As with any type of development, purpose-built rental projects in some cases face
opposition from the public. In those cases, public opinions are conservative and view parking
shortfalls or relaxations and the addition of more density as having a negative impact to their
community. Therefore, it is recommended that both the City and developers work together to
educate and inform the public of the benefits that rental housing could bring to the city and their
community as a whole. There is fairly strong evidence and research that rental housing:

1. Does not impose greater costs on local governments;
2. When well-designed and appropriate to the neighborhood, does not reduce (and may
even enhance) property values; and,
3. Does not inherently attract residents who are less neighborly or more apt to engage in
(or attract) criminal activity (Obrinsky and Stein, 2007).

To avoid negative perception by the public, clear and accurate information about a
proposed rental project must be provided, as a critical part of a successful outreach campaign.
Another way is to empower citizens through public participation processes that engage them in
the project through a joint decision-making process where all stakeholder collectively evaluate
different alternatives to identify the best scenario.
7.0 CONCLUSION

Toronto and Vancouver are both desirable places to live, in spite of having some of the highest housing costs in Canada. The supply of housing is diverse in both cities, with renters and owners each comprising about half of the City’s households. Thus, the rental housing sector contributes significantly to the social and economic diversity of both cities and is an important part of the housing continuum. This report analyzed the purpose-built market rental segment, identified challenges faced by providers (investors and developers), and examined the various policies that encourage and stimulate the development of rental projects. The report also examined the City of Vancouver’s ‘Rental 100’ program to determine its effectiveness and transferability to the City of Toronto.

In response to the first two research questions, this report generated several important findings. There is clear evidence that both cities need more rental housing, due to low vacancy rates and high rents which are symptoms of a shortage. This situation may be further exacerbated, as it is estimated that demand could significantly grow in the future. The current inventory of purpose-built rental housing stock is largely a result of policies and decisions taken by the federal government that provided incentives for their development. However, those policies are now abolished. As a result, many developers of purpose-built rental projects face high-risk challenges when developing these projects as they are lacking the assistance of incentives that will allow the project to be viable due to the current high prices of land.

This report also examined the Vancouver’s Secured Market Rental Housing - Rental 100 program, and determined the components of this program that were significant in facilitating the development of purpose-built rental projects. It found that several elements of the program have been beneficial in encouraging the development of these projects, however several other factors were also determined to be hindering their development. Overall, the policy program has been deemed to be successful by the large majority of respondents interviewed as part of this study. This report provided a number of recommendations for the City of Toronto (if it chooses to implement a similar program) and the City of Vancouver to further encourage the construction
of purpose-built rental apartments in the future. Although the context of this report and its findings are predominately focused on Toronto and Vancouver, it is hoped that the research findings will also be applicable to other municipalities and will benefit the rental market situation throughout Canada.

### 7.1 Limitations

It should be noted that over the course of the report, there were certain limitations to the research and how it was conducted. The first of these is the sample size of purpose-built rental project providers. As it currently stands, a total of 13 developers and architects have been involved in the process of developing purpose-built rental apartments under the ‘Rental 100’ policy in the City of Vancouver. This is a very small sample of the total number of developers in the City. Out of this sample, 10 individuals participated in the key informant survey and interviews, or about 77% of the total population. Although the researcher has attempted to contact and involve planners as part of the interviews and survey, no planners (including the City of Vancouver planners) were interviewed in this study as their role was not directly related to the feasibility of the projects proposed under the rental policy. As a result, they might have been unable to provide in-depth details when asked about the effectiveness of this policy. However, most key informants were able to speak to the experience of the overall approval process with local planners when asked. Finally, Vancouver’s ‘Rental 100’ policy is relatively new as it was only implemented in 2012. Therefore, it is difficult to properly and effectively evaluate the success of this policy as a substantial amount of projects proposed under it have yet to be developed in Vancouver. Furthermore, the researcher was not able to provide a discussion of the actual financial benefits of this program from a developer’s perspective due to the lack of data which may warrant any findings inaccurate.

### 7.2 Future Research

Given the scope of this report, several opportunities for future research are discussed. To summarize, key informants interviewed for this report only included architects and developers from the City of Vancouver. As this report specifically looked at the ‘Rental 100’ policy in Vancouver, key informant only included those who worked on projects in Vancouver. In order to
have a more comprehensive understanding and to gain insight into other aspects related to the factors influencing rental housing not only in Vancouver but also in Toronto, developers of purpose-built rental housing in Toronto could also be interviewed. In addition, further research could also explore initiatives that could be proposed by planners and developers, and which could further stimulate the construction of rental housing. More importantly, further research should be done on what both the federal and provincial governments, could do to help improve the rental market situation in all across major cities in Canada in the future.
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Hi (participant’s name),

My name is Michael Shmulevitch. I’m a second year graduate student at Queen’s University’s MPL program. I’m currently in the development stages of my Master’s report, supervised by Dr. John Andrew. My report deals with the topic of "the rise of rental", specifically purpose-built rental apartments. Through my research, I’ve discovered that your firm has worked on a number of purpose-built rental apartments project in Vancouver; namely:

- Project 1;
- Project 2; and,
- Project 3

I would greatly appreciate it if you could assist my research by answering a few questions related to these projects, or refer me to the person in your organization who can best help me with this topic. The questions are in a form of a web questionnaire and should not take more than 5 minutes to complete. The information provided through the questionnaire will be kept anonymous and would help tremendously with my research.

**Questionnaire link:** [http://goo.gl/forms/C908MgLgt9](http://goo.gl/forms/C908MgLgt9)

I look forward to your reply and will contact you to follow up by telephone in a few days.

Thank you,

Michael Shmulevitch
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C: 647 339 1271
APPENDIX B: SAMPLE INTERVIEW QUESTIONS

1. What is/was your part in the development of the purpose-built rental project(s)?
   - [ ] Developer
   - [ ] Architect
   - [ ] Planner
   - [ ] Other: 

2. Do you believe Vancouver's housing market is currently experiencing a rental resurgence due to a constellation of factors?
   Factors such as: Low interest loans and tax incentives, low vacancy rates, rising rents, worries about the future of the condo market, and unaffordable home prices.
   - [ ] Yes
   - [ ] No

3. How important was the "Rental 100" program to the feasibility of the project(s) developed under it?

   
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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<td>Not Important</td>
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4. From the list below, what factors of the "Rental 100" program have you found to be helpful in allowing for the development of these project(s)?
   - [ ] Development Cost Levy (DCL) waiver
   - [ ] Reduction in parking requirements
   - [ ] Relaxation of unit sizes
   - [ ] Additional density beyond what is available under existing zoning
   - [ ] Concurrent processing of the development application
   - [ ] Other: 

5. Please rank the factors below in order of importance from least important (1) to most important (5)

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
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<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>Development Charges Levy (DCL) waiver</td>
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<td>Reduction in parking requirements</td>
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<td>Relaxation of unit sizes</td>
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<td>Allowance for additional density</td>
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<td>Concurrent processing</td>
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<tr>
<td>Other (based on my previous answer)</td>
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6. What factors in your opinion and from your experience are currently impeding the development of new purpose-built rental units?

- Rent regulation
- Taxation of rental investment income
- Municipal fees and charges
- Lack of incentives from different levels of government
- Other: [ ]

7. Do you believe the provincial and federal government are doing enough to encourage the construction of purpose-built rental units?

- Yes
- No

8. In your opinion, what changes in government policy or current rental incentive programs (e.g. "Rental 100" program) would encourage the construction of rental projects in the future?
## APPENDIX C: PURPOSE-BUILT PROJECT LIST

### APPROVED UNDER RENTAL 100

1. 458-476 West 41st Avenue – GBL Architects.
2. 1568 E King Edward – GBL Architects.
3. 3002-3036 West Broadway / “The Robert” 2525 Carnarvon St. – Orr Development
4. 506 West 60th Avenue and 7645-7675 Cambie Street – South Street Development Group
5. 3819 Boundary Road (3680 East 22nd Avenue) - W.T Leung Architects
6. 7350 Fraser Street – Cornerstone Planning Group
7. 3501-3523 East Hastings Street – Cornerstone Architects
8. 698 East 64th Avenue and 8029 Fraser Street – Cornerstone Architects
9. 3063-3091 West Broadway – Yamamoto Architecture
10. 2312-2328 Galt Street – Bruce Carscadden Architecture

### PROPOSED UNDER RENTAL 100

1. 275 Kingsway – Edgar Development and Brook Pooni
2. 1755 West 14th Avenue – Bentall Kennedy
3. 2805 East Hastings Street – PCI Group
4. 6507-6541 Main Street, 49th and Main Street – Orr Developments
5. 362 - 368 East 3rd Street - Hearth Architectural
6. 527 Carnarvon Street - South Street Development Group
7. W King Edward Ave & Yukon St - South Street Development Group