

**TO: MAYOR & EACH
COUNCILLOR
FROM: CITY CLERK'S OFFICE**

Schedule 1 to the Minutes of the Planning Committee meeting of Richmond City Council held on Tuesday, May 4, 2021.

Submission by the Richmond Rental Housing Advocacy Group to the Richmond Planning Committee Meeting on May 4, 2021.

Agenda Item 1: OPTIONS TO SECURE MARKET RENTAL HOUSING IN NEW DEVELOPMENT AND OPTIONS TO INCREASE LOW END MARKET RENTAL (LEMR) CONTRIBUTIONS

Summary

We urge councillors to refer the market rental housing policy back to staff to address the following critical issues not adequately discussed in the staff report:

- We only have the executive summary from the consultant's report which does not include the land costs used in the calculations. As the report states, "Land costs are a key variable in the analysis."
- A higher rental housing requirement in the redevelopment of existing commercial or housing developments to add new housing on the existing land involving no additional land cost.
- Economies of scale in both construction cost and rental housing management cost that make larger percentages of rental housing financially feasible in larger developments.
- Ongoing municipal property tax reduction incentives that would make rental housing significantly more profitable using provincial legislation specifically designed for that purpose.
- Grandfathering of existing applications which would include Polygon Talisman Park and other large developments when the referral was intended to include such applications.

Land Cost in Determining the Financial Profitability of Rental Housing

The basic question in establishing requirements for market and below market rental housing in new developments is whether imposing those requirements would still allow the project to be profitable. As the report states, "Land costs are a key variable in the analysis," and "Recent developments that secure a high percent of rental housing are characterized as partnerships that acquired land at low or no cost, which is consistent with the findings in the consultant's analysis."

We only have the executive summary from the consultant's report which does not include the land costs used in the calculations. The consultant relied on land costs supplied by City staff and staff say only that they "reflect recent land sale transactions, and land lift for a range of building density and construction types." **In other words, the consultant used the current value of land zoned for the type of housing proposed, not the actual cost of the land to the developer which determines the actual profitability of the project.**

Staff raise the possibility that the developer paid more than the current land value, "owners who purchased land at values that are significantly higher than the base values would face less financially feasible redevelopment conditions." **However, no mention is made of the possibility that the developer paid less than the current land value making the project more financially feasible, exactly the situation for many potential housing development sites in the City Centre.**

PHOTOCOPIED

MAY 03 2021

& DISTRIBUTED



Land Cost for Projects Adding New Housing to Existing Commercial or Housing Developments

There should be **considerably more market rental housing required** for existing commercial or housing developments where there will be new housing above and/or beside the existing commercial or housing space on the existing land. The land cost for the new housing is zero. There are no calculations in the staff report on the profitability of rental housing where land cost is zero.

Construction Cost and Rental Housing Management Cost Economies of Scale

The consultant report contemplates only “a hypothetical two acre site in City Centre,” when the sites providing the most potential for rental housing are much larger. For example, the Polygon Talisman Park site is 9.6 acres. Economies of scale in both construction cost and rental housing management cost make larger percentages of rental housing financially feasible in such larger developments. There should be a sliding scale of rental housing requirements according to the size of the development.

Property Tax Reduction Incentives for Rental Housing

There is no discussion of the Revitalization Tax Exemption Incentives provided for in Section 226 of the Community Charter (documentation attached). This allows for a reduction lasting up to ten years in the municipal property tax of a particular new development providing affordable housing and/or residential “intensification.” This intensification is exactly what we referred to above where the project is adding new housing above and/or beside existing commercial or housing space on existing land. A reduction in property tax would be a significant incentive since it is a major component of ongoing rental housing cost.

Grandfathering of Existing Applications

The staff report recommends that, “Rezoning applications that are received prior to Council's adoption of the proposed amendment bylaws may be processed under the existing OCP Market Rental Housing Policy and the existing LEMR program.” The referral was initiated to formulate a policy that would apply to Polygon Talisman Park and other large developments. Any grandfathering should only apply to existing applications that involve fewer than 60 housing units.

**TO: MAYOR & EACH
COUNCILLOR
FROM: CITY CLERK'S OFFICE**

ON TABLE ITEM

Date: May 4, 2021
Meeting: Planning
Item: #1

Subject: FW: Rental Housing Policy - Planning Committee May 4, 2021
Attachments: Planning Committee Comments Supplement May 4 2021 Rental Housing Advocacy Group.pdf

From: John Roston, Mr <john.roston@mcgill.ca>
Sent: May 3, 2021 6:13 PM
To: Hopkins,John <JHopkins@richmond.ca>; McPhail,Linda <LMcPhail@richmond.ca>
Cc: Brodie, Malcolm <MBrodie@richmond.ca>; Steves,Harold <hsteves@richmond.ca>; Erceg,Joe <JErceg@richmond.ca>; Wolfe,Michael <MWolfe@richmond.ca>; McNulty,Bill <BMcNulty@richmond.ca>; Powell, Jo Anne <JPowell@richmond.ca>; Au,Chak <CAu@richmond.ca>; Michelle Li (michelleli@shaw.ca) <michelleli@shaw.ca>; Laura Gillanders (lauragillanders@gmail.com) <lauragillanders@gmail.com>; CityClerk <CityClerk@richmond.ca>; Day,Carol <CDay@richmond.ca>; Loo,Alexa <ALoo@richmond.ca>; Maria Rantanen <mrantanen@richmond-news.com>
Subject: RE: Rental Housing Policy - Planning Committee May 4, 2021

City of Richmond Security Warning: This email was sent from an external source outside the City. Please do not click or open attachments unless you recognize the source of this email and the content is safe.

Hi John,
Thanks again for sending the Rollo Report this morning. We don't have time to go over it in detail before Planning Committee tomorrow, but we are submitting a supplement (attached) to our previous submission that uses the assumptions in the Report to show what we think is missing and necessary to know before arriving at a rental housing policy that maximizes the rental housing we so desperately need while ensuring that the project will be profitable to the developer.

Best,
John

From: John Roston, Mr
Sent: Saturday, May 1, 2021 8:39 AM
To: McPhail,Linda <LMcPhail@richmond.ca>; Loo,Alexa <ALoo@richmond.ca>; Day,Carol <CDay@richmond.ca>; McNulty,Bill <BMcNulty@richmond.ca>; Steves,Harold <hsteves@richmond.ca>
Cc: Brodie, Malcolm <MBrodie@richmond.ca>; Wolfe, Michael <MWolfe@richmond.ca>; Au,Chak <CAu@richmond.ca>; Michelle Li (michelleli@shaw.ca) <michelleli@shaw.ca>; Laura Gillanders (lauragillanders@gmail.com) <lauragillanders@gmail.com>; CityClerk <CityClerk@richmond.ca>; Hopkins,John <JHopkins@richmond.ca>; Maria Rantanen <mrantanen@richmond-news.com>
Subject: Rental Housing Policy - Planning Committee May 4, 2021.

Dear Councillor McPhail,
Submission attached from the Richmond Rental Housing Advocacy Group on Agenda Item 1, **OPTIONS TO SECURE MARKET RENTAL HOUSING IN NEW DEVELOPMENT AND OPTIONS TO INCREASE LOW END MARKET RENTAL (LEMR) CONTRIBUTIONS**, Planning Committee meeting on May 4, 2021.

We urge councillors to refer the market rental housing policy back to staff to address five critical issues not adequately discussed in the staff report as outlined in our attached submission.



We also ask that the Committee order the release of the full Rollo Report in addition to the executive summary included in the staff report. We have not received a reply to my email request to John Hopkins dated April 25th (below). Presumably this report was paid for with public funds. The public has a right to know how the consultant arrived at its conclusions and the data provided by the City on which it relied.

Thank you for your consideration.

Richmond Rental Housing Advocacy Group
John Roston, Coordinator

john.roston@mcgill.ca
12262 Ewen Avenue
Richmond, BC V7E 6S8
Phone: 604-274-2726

From: John Roston, Mr

Sent: Sunday, April 25, 2021 11:12 AM

To: Hopkins, John JHopkins@richmond.ca

Cc: 'Brodie, Malcolm' MBrodie@richmond.ca; 'McPhail, Linda' LMcPhail@richmond.ca; 'McNulty, Bill' BMcNulty@richmond.ca; 'Loo, Alexa' ALoo@richmond.ca; 'Steves, Harold' hsteves@richmond.ca; 'Au, Chak' CAu@richmond.ca; 'Day, Carol' CDay@richmond.ca; 'Wolfe, Michael' MWolfe@richmond.ca; Michelle Li (michelleli@shaw.ca) michelleli@shaw.ca; Laura Gillanders (lauragillanders@gmail.com) lauragillanders@gmail.com; 'Maria Rantanen' mrantanen@richmond-news.com

Subject: Market Rental Housing Report for General Purposes Committee

Hello John,

Congratulations on your recent appointment. I appreciate that you and your staff have been able to come up with detailed market rental and below market rental reports in record time for the General Purposes Committee meeting on May 4th. As you know, our Richmond Rental Housing Advocacy Group is devoted to maximizing the amount of rental housing, particularly in the City Centre close to mass transit.

The market rental report attaches the executive summary of the Rollo housing financial review report, but not the full report. Could you provide us with the full report so that we can understand exactly how Rollo arrives at its conclusions on the profitability of housing developments?

In particular, we all know that profitability largely depends on the cost of the land. In fact the executive summary states: "Although the analysis does indicate that projects could be viable with a stacked contribution of 15% market rental and 15% LEMR GPRA has based its viability on being able to support the lowest of land value ranges provided by the City's real estate staff."

We would like to know the land values that you provided to Rollo. Land value should be distinguished from land cost. Large landholdings in the City Centre with the highest potential for building the greatest number of rental housing units have in most cases been owned by the developer for many years and the land cost was far below the land value today. Where there are currently commercial structures on that land and the potential is to redevelop the property to add housing above and/or beside the commercial structures then the land cost of building the housing is zero. There are many such sites in the City Centre.

Given that scenario, would it not make sense to have a different market rental policy for the redevelopment of commercial properties to add housing?

Best.

John

john.roston@mcgill.ca

John Roston

12262 Ewen Avenue

Richmond, BC V7E 6S8

Phone: 604-274-2726

Fax: 604-241-4254

Submission by the Richmond Rental Housing Advocacy Group to the Richmond Planning Committee Meeting on May 4, 2021 - Supplement re Rollo Report

While reserving the option to verify the assumptions in the Rollo Report, we would like to know how the blanks in the chart below would be filled in using those assumptions.

1. We are adding projects where new housing is being added to existing developments on existing land so the additional land cost for the new units is zero.
2. We are also adding projects larger than 2 acres where there would be economies of scale in both construction and rental unit management cost increasing profitability.
3. Presumably there would be a lower land cost per acre for projects larger than the 2 acres specified in the report.
4. We would like to know the total number of housing units using an average unit size of 2 bedrooms @ 855 sq.ft.
5. We would like to know the maximum % of market rental units, in addition to the LEMR units, that would be supported by the land cost.

City Centre (Concrete 3.0 FSR)	Land Area	Land Cost \$Millions	# Housing Units	Below Market LEMR	Max. Market Rental	Strata Condo
Existing Development	2 acres	\$0.00		15%	%	%
Existing Development	4 acres	\$0.00		15%		
Existing Development	6 acres	\$0.00		15%		
Vacant Land	2 acres	\$20.97		15%		
Vacant Land	4 acres			15%		
Vacant Land	6 acres			15%		
Elsewhere (Wood 1.2 FSR)						
Existing Development	2 acres	\$0.00		10%		
Existing Development	4 acres	\$0.00		10%		
Existing Development	6 acres	\$0.00		10%		
Vacant Land	2 acres	\$17.00		10%		
Vacant Land	4 acres			10%		
Vacant Land	6 acres			10%		