

Bulletin

Rental Incentive Programs Bulletin

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By-law and Policy References

- Secured Rental Policy
- Moderate Income Rental Housing Pilot Program
- Below-Market Rental Housing Policy for Rezoning
- Rezoning Policy for Sustainable Large Developments
- Development Cost Levy By-laws
- Parking By-law
- Zoning and Development By-law – C-2, C-2B, C-2C and C-2C1 District Schedules
- Green Buildings Policy for Rezoning

Background and Context

This Bulletin provides further information on the rental housing incentive policies approved by Council, as well as the DCL By-laws. The information contained in this document helps guide the way in which the rental incentives are applied to specific projects.

Community plans contain policies for the development of rental housing and specific direction around location and form. Information on the specific incentives outlined in this bulletin apply to those policies.

1 Rental Incentives

1.1 Parking Requirement Reductions

Except Downtown, in the Southeast False Creek area or in the East Fraser Lands area, the Vancouver Parking By-law provides generally reduced parking requirements for ‘Secured Market Rental Housing’ (as defined in Section 2 of the Vancouver Parking By-law).

Additionally, secured rental projects have enhanced opportunities to seek vehicle parking reductions through a Transportation Demand Management (TDM) Plan, as specified in the Vancouver Parking By-law.

For more information, see the parking requirements for ‘Secured Market Rental Housing’ in [Section 4.5B of the Vancouver Parking By-law](#), and the [Transportation Demand Management for Developments in Vancouver Bulletin](#), including its Schedules A and B.

1.2 Development Cost Levy (DCL) Waivers

Projects creating new rental supply, where 100% of the residential component of the building is rental in tenure and secured through a Housing Agreement, are eligible for a waiver of City-wide and Area-specific DCLs for the residential floor area. Under the DCL By-laws, DCLs may be waived or reduced for two classes of “for-profit affordable rental housing” (as defined by the DCL By-laws in accordance with the Vancouver Charter), which are described in Table 1.

The DCL waiver criteria regulate starting rents by unit type. Projects that include existing rental units (e.g. alterations or extensions) are not eligible for the waiver.

Table 1: DCL By-law Classifications and Waiver Rates by Rental Project Type

Project Type	Description	Class	DCL Waiver (% Reduction)
Below-Market Rental	100% rental projects securing 20% or more of the residential floor area as below-market rental units, with rents as per section 1.2.1(a) of this bulletin	A	100%
Market rental	100% rental projects securing market rents for initial occupancy, as per Section 1.2.1(b) of this bulletin	B	86.24% ¹

¹ Refer to the [Development Cost Levies Bulletin](#) for current effective reduced rates.

1.2.1 Rent Level Criteria for DCL Waivers for 2024

(a) Below-Market Rental (Class A)

At least 20% of the residential floor area that is counted in the calculation of the floor space ratio consists of units with rents by unit type that are at least 10% below the average city-wide market rents at initial occupancy and upon a change in tenancy. The current maximum rates are provided in Table 2.

Table 2: Average Maximum Below-Market Rents for 20% of Residential Floor Area

Unit Type	2024 Maximum Average Rents ¹
Studio	\$1,376
1-bedroom	\$1,607
2-bedroom	\$2,215
3-bedroom or larger	\$2,695

¹ 10% below the average city-wide market rents for all units in the City of Vancouver as published by CMHC in the 2023 Rental Market Survey Data Tables.

Notes: These minimum requirements pertain to DCL waiver eligibility only; they do not replace or reduce any below-market rental requirements set out in other policies, community plans, regulations or conditions that may be applicable and require deeper levels of affordability at initial occupancy and at unit turnover.

(b) Market Rental (Class B)

100% of the residential floor area must be secured rental units with rents by unit type that do not exceed the following at initial occupancy:

Table 3: Average Maximum Monthly Rents for 2024

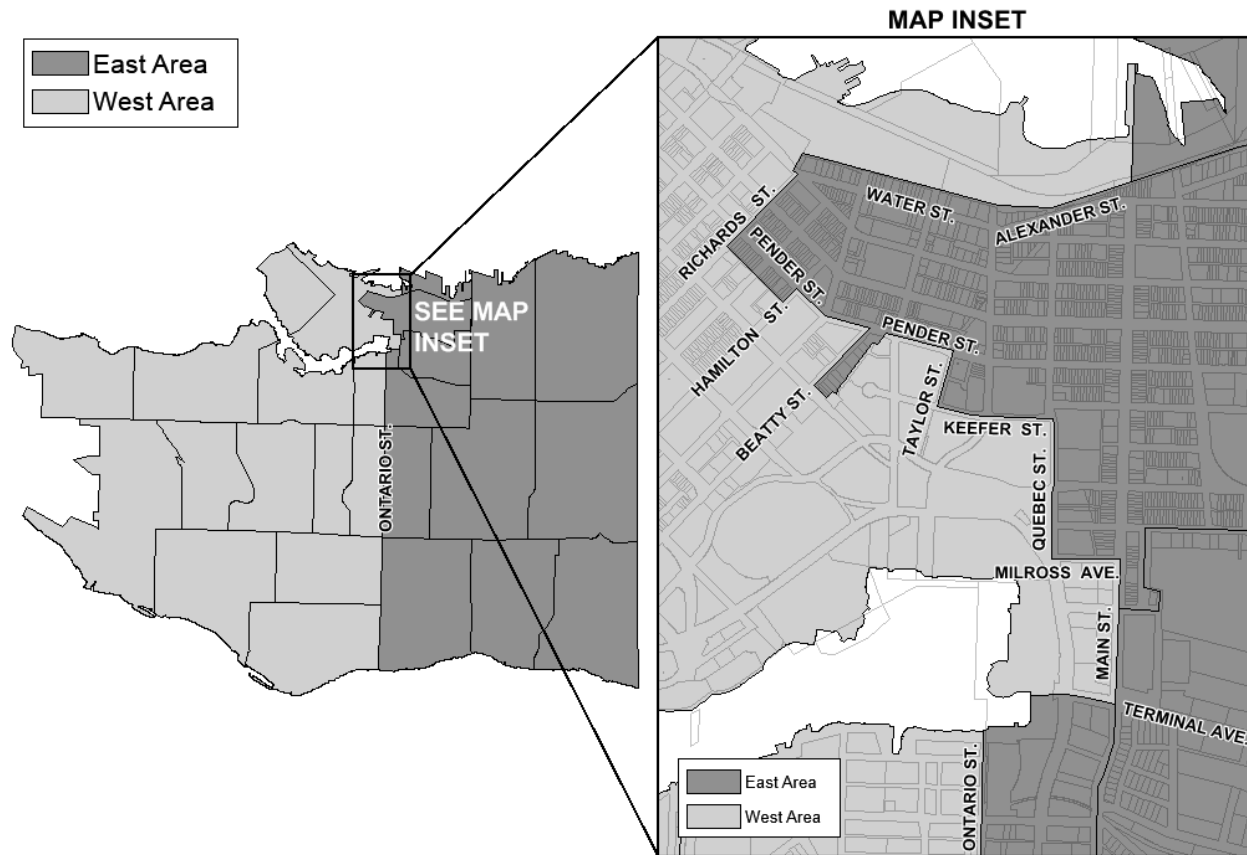
Unit Type	East Area DCL Maximum Rents ¹	West Area DCL Maximum Rents ²
Studio	\$2,032	\$2,235
1-bedroom	\$2,342	\$2,576
2-bedroom	\$3,243	\$3,567
3-bedroom or larger	\$3,723	\$4,095

¹ Average city-wide rents for the City of Vancouver for units built since 2015, as published by CMHC in the 2023 Rental Market Survey Data Tables.

² Average city-wide rents for the City of Vancouver for units built since 2015, as published by CMHC in the 2023 Rental Market Survey Data Tables, plus 10%.

Note: Refer to Figure 1 for Vancouver east and west area boundaries.

Figure 1: City of Vancouver Map – East and West Areas



Note: This map is intended for the purposes of administering the DCL waiver.

1.2.2 Two Option Approach for 3-bedroom units

One of Council's objectives is to create more diversity in the rental housing stock. This includes encouraging more housing suitable for children and families, especially 3-bedroom units. In order to meet this objective, a full or partial DCL waiver is available for projects proposing 3-bedroom units as outlined below.

Projects applying for the DCL waiver and meeting Section 1.2.1(b) Average Maximum Rents Across All Residential Units with 3-bedroom units that do not meet the rent requirement, but meet the average rents in all the other bedroom types will be eligible for a partial waiver for the studio, 1-and 2-bedroom units. A full DCL will be charged for the 3-bedroom units.

A partial waiver is not permitted for any projects applying for the DCL waiver through Section 1.2.1(a) Below-Market Rental (Class A).

Projects that meet all criteria, including the average rent for all bedroom types will receive a full waiver.

Figure 2: Project Eligibility for DCL Waiver System - Meeting the Rental Rates

Projects eligible for DCL waiver for all units	Projects eligible for DCL waiver for some units	Projects <u>not</u> eligible for DCL waiver
<p>Average rents in all studio, 1-, 2-, and 3-bedroom units are at or below rents in <i>Section 1.2.1(b). Average Maximum Rents Across All Residential Units</i>.</p> <p>OR</p> <p>For at least 20% of the residential floor area, average rents in all studio, 1-, and 2-, and 3-bedroom units are at or below rents in <i>Section 1.2.1(a). 20% of Residential Floor Area at Below-Market Rents**</i></p> <p>← ELIGIBLE FOR WAIVER for all units</p>	<p>Average rents in all studio, 1-, and 2-bedrooms units are at or below rents in <i>Section 1.2.1(b). Average Maximum Rents Across All Residential Units</i>.</p> <p>← ELIGIBLE FOR WAIVER OF THESE UNITS ONLY</p>	<p>Average rents in studio, 1- or 2-bedroom units exceeds rents in <i>Section 1.2.1(b). Average Maximum Rents Across All Residential Units</i> (even if 3-bedroom units comply)</p> <p>AND</p> <p>Average rents do not meet rents specified in <i>Section 1.2.1(a) Below-Market Rental (Class A)</i> for at least 20% of the residential floor area.</p> <p>X NOT ELIGIBLE FOR ANY WAIVER</p>
	<p>Average rents in 3-bedroom units exceeds rents in DCL By-laws.</p> <p>X NOT ELIGIBLE FOR WAIVER FOR 3-BEDROOM UNITS</p>	

Note: A partial waiver is not permitted for studio, 1- and 2-bedroom units. These unit types must all meet the maximum rental rates in order to qualify for any waiver.

1.2.3 Average Maximum Unit Sizes

On October 4, 2023, Council approved amendments to the City-wide and Area-specific DCL By-laws to remove the average maximum unit sizes DCL-wavier requirement for “for-profit affordable rental housing” projects. This amendment applies to all Class A projects and Class B projects that have a Housing Agreement enacted after October 4, 2023. Class B projects with a Housing Agreement enacted prior to October 4, 2023 are still required to meet the maximum average unit sizes as previously required by the DCL By-laws and as stipulated in the Housing Agreement.

1.2.4 Social Housing

Projects where 100% of the residential development is rental in tenure and also contain another type of housing exempt from DCLs, such as social housing, are eligible for a DCL waiver provided that the market rental units meet the requirements under the DCL By-laws.

1.2.5 Administration of the DCL Waiver

(a) At what point in the development process does the applicant request the DCL waiver?

Timing for an applicant's request of the DCL waiver depends on the application stream. For applications requiring rezoning, the applicant's request for the DCL waiver occurs during the rezoning process. For projects developing under existing zoning, the applicant's request for the DCL waiver occurs during the development permit process.

Note: Changes to the DCL By-laws approved in June 2022 to be effective as of September 30, 2022 require that the DCL waiver request be made at the rezoning application stage for all projects requiring rezoning. Rezoning applications not subject to a Community Amenity Contribution (CAC) that received Council approval in principle prior to September 30, 2022 may continue to request the DCL waiver at the development permit application stage.

(b) How are rental rates evaluated for each project and when do they come into effect?

The starting rents for eligible projects must not exceed the maximum rates set out in the DCL By-laws. For both applications requiring rezoning and projects not requiring rezoning, the proposed starting rents would be evaluated against the DCL maximum rents at the time of occupancy permit issuance..

Note: For rezoning applications not subject to a CAC that received Council approval prior to September 30, 2022 and request the DCL waiver at the development permit application stage, the maximum starting rents would be set at the time the 'prior-to' letter of approval is issued.

(c) Projects Securing All Residential Floor Area as Rental After Rezoning

Applications where rezoning permitted non rental residential floor area that decide to secure 100% of the residential area as rental at a later stage in the approvals process may be eligible for the waiver if no additional height or density is being sought and no changes to any associated CACs are contemplated.

(d) Rent Increases Ahead of Initial Occupancy

On October 4, 2023, Council approved amendments to the City-wide and Area-specific DCL By-laws to change the timing for when DCL wavier-qualifying maximum starting rents are set. Previously, maximum rents were set at the time of the public hearing for projects requiring rezoning or at the time the 'prior-to' letter of approval is issued for projects not requiring rezoning. Following the amendments, maximum starting rents are to be set at the time of occupancy permit issuance. This amendment applies to all Class A projects and to Class B projects that have a Housing Agreement enacted after October 4, 2023.

Class B projects with a Housing Agreement that was enacted prior to October 4, 2023 will continue to be required to meet the maximum starting rents stipulated in the Housing Agreement, set either at public hearing or at the time the 'prior-to' letter of approval is issued. Those rents may continue to be increased by the allowable rent increases set out annually by the Provincial Residential Tenancy Branch for each full year from the time of approval of the applicant's request for the DCL waiver until building occupancy, and are the maximum starting rents that the project can charge at initial occupancy.

Note: The rent increase freeze orders implemented by the Province of British Columbia in response to the COVID-19 pandemic did not affect the applicability of the allowable annual increases ahead of initial occupancy for the purposes of the DCL By-law.

(e) Rent Increases After Initial Occupancy

Rent increases that apply after initial building occupancy, including during a tenancy and upon unit turnover, are regulated by the Province as per the Residential Tenancy Act as well as any conditions specified in applicable City policy (e.g. Moderate Income Rental Housing Pilot Program, etc.) or agreed upon between the City of Vancouver and applicant through a Housing Agreement.

(f) When is the DCL waiver processed?

Once projects are approved, DCLs are calculated and waived at the time of Building Permit issuance.

(g) Does the DCL waiver extend to the City-wide Utilities DCL Bylaw?

On November 26, 2019, Council approved amendments to the City-wide Utilities DCL By-law to remove the waiver for “for-profit affordable rental housing” effective September 30, 2020.

2 Requirements for Secured Rental Projects

2.1 Housing Agreement Requirements

2.1.1 Security of Tenure

Rental units will be secured for a term of 60 years or life of the building, whichever is greater, through legal agreements, (e.g. Housing Agreement pursuant to section 565.2 of the Vancouver Charter including non-stratification and no separate sales covenants), or any other legal mechanism deemed necessary by the Director of Legal Services and the General Manager of Planning, Urban Design and Sustainability.

2.1.2 Proposed Starting Rents and Rent Increases

Where applicable, starting rent and rent increase requirements will be secured through a Housing Agreement. For details on starting rents, see the Administration of the DCL Waiver section of this bulletin. For details on starting rents for below-market and moderate income rental units, see the Below-Market Rental Housing Requirements in the [Secured Rental Policy](#) and the Below-Market Rental Housing Requirements section of this bulletin.

2.2 Family Housing Requirements

The City’s rental incentive policies encourage the inclusion of family housing. For rezoning applications, the city-wide target for family housing is set at 35% of units. This target also applies to residential rental tenure projects developed under existing zoning in certain districts (including the C-2 and RR districts). More specific requirements for the breakdown of the 35% family units are included in some rezoning-enabling policies (e.g. 10% 3 bedroom units are required for rental rezonings under the Broadway Plan).

The General Manager of Planning, Urban Design, and Sustainability may consider a relaxation for projects that demonstrate significant design challenges or where the application of the policy would deter the development of a project that meets other Council approved policies and objectives.

For more information, see the [Family Room: Housing Mix Policy for Rezoning Projects](#).

Family units will be two or more bedroom units designed to meet the Council-adopted [High-Density Housing for Families with Children Guidelines](#).

2.3 Green Buildings Requirements

In May 2022, Council approved amendments to the Vancouver Building By-law (VBBL) to reduce the carbon emissions limit for all new residential buildings of 4 to 6 storeys, effective as of July 1, 2023. Consequentially, in February 2023, Council approved changes to the Secured Rental Policy and the C-2, C-2B, C-2C and C-2C1 district schedules to remove green building requirements made redundant or unnecessary by the VBBL changes, effective March 15, 2023.

2.3.1 Rezoning

All rezoning applications will be expected to meet the Green Buildings Policy for Rezonings. More information on these requirements and the necessary documentation to be submitted can be found in the [Green Buildings Policy for Rezonings](#) and the [Green Buildings Policy for Rezonings – Process and Requirements Bulletin](#) for applications made after May of 2022.

Applications submitted under the Secured Rental Policy between November 26, 2019 and March 15, 2023 are expected to employ zero emissions heating and hot water systems, achieving a greenhouse gas intensity (GHGI) of 3 kg/m² or less.¹ This requirement may be more stringent than the Green Buildings Policy for Rezonings for a building not under the Secured Rental Policy or under the VBBL, and applicants should take care to apply the most stringent requirement.

2.3.2 Developments Proceeding Without a Rezoning

All development permit applications for residential buildings of 4 to 6 storeys will be required to meet the energy and emission limits set out in the VBBL.

As per the report and updates to the SRP as approved by Council in February 2023, applications for residential rental tenure developments in C-2, C-2B, C-2C and C-2C1 made before March 15, 2023 are also required to meet the energy and emission limits in the district schedule at the time the application was submitted. This requirement may be more stringent than the VBBL, and applicants should take care to apply the most stringent requirement. Refer to the [Green Building Requirements for Residential Rental Tenure Development Applications in C-2, C-2B, C-2C and C-2C1 Districts Submitted Prior to March 15, 2023 Guide](#) for further details.

2.4 Below-Market and Moderate Income Rental Housing Requirements

Below-market and moderate income rental housing units enabled by the policies referenced in this Bulletin follow a standard approach to setting maximum initial rents and rents at unit turnover, which follows a percentage discount to average market rents as published by the Canada Mortgage and Housing Corporation (CMHC) with the most recent Rental Market Report at the time of occupancy permit issuance. However, there are differences in the depth of discount to market depending on the enabling policy, these nuances are specified below.

2.4.1 Secured Rental Policy Maximum Starting Rents

Projects proposing a 6-storey building in R1-1 or an eligible RT zone under Section 2.4 of the Secured Rental Policy are required to secure a minimum of 20% of the residential floor area as below-market rental units. The maximum starting rents for these below-market units, by unit type, will not exceed a rate that is:

- For residential buildings (with no non-residential uses), 10% less than the average rents for the City of Vancouver as published by the Canada Mortgage and Housing Corporation (CMHC); or
- For mixed-use buildings (e.g. with commercial retail units on the ground level), 20% less than the average rents as published by the CMHC.

Table 5 provides the current below-market maximum rents applicable under the Secured Rental Policy.

¹ For [Type 3 LCES](#) projects, the 33% reduction to GHGI need not be applied – the limit remains at 3 kg/m²

Table 5: 2024 Maximum Below-Market Rents for 6-Storey Rental Projects in R1-1 and RT Zones Under the Secured Rental Policy

Unit Type	100% Residential Buildings (10% Below CMHC City-wide Average Rents)	Mixed-Use Building (20% Below CMHC City-wide Average Rents)
Studio	\$1,376	\$1,223
1-bedroom	\$1,607	\$1,429
2-bedroom	\$2,215	\$1,969
3-bedroom or larger	\$2,695	\$2,395

2.4.2 Broadway Plan, Moderate Income Rental Housing Pilot Program, Below-Market Rental Housing Policy for Rezoning, and Rezoning Policy for Sustainable Large Developments Maximum Starting Rents

The following policies that enable below-market and moderate income rental housing share the same maximum starting rent requirements:

- [Broadway Plan](#);
- [Moderate Income Rental Housing Pilot Program \(MIRHPP\)](#);
- [Below-Market Rental Housing Policy for Rezoning](#)s; and
- [Rezoning Policy for Sustainable Large Developments \(Section G\)](#)

Per these policies, the maximum starting rents for all below-market and moderate income rental units, by unit type, will not exceed a rate that is 20% less than the average rents for the City of Vancouver as published by the CMHC.

The maximum starting rents are based on the data available with the most recent CMHC Rental Market Report at the time of occupancy permit issuance. Table 6 provides the current below-market maximum rents applicable to below-market and moderate income rental units enabled under these policies.

Table 6: 2023 Maximum Below-Market Rents Under the Broadway Plan, Moderate Income Rental Housing Pilot Program, Below-Market Rental Housing Policy for Rezoning, and Rezoning Policy for Sustainable Large Developments

Unit Type	20% Below CMHC City-wide Average Rents
Studio	\$1,223
1-bedroom	\$1,429
2-bedroom	\$1,969
3-bedroom or larger	\$2,395

2.4.3 West End Rezoning Policy Maximum Starting Rents

West End Plan projects in areas D and E of the Burrard Corridor opting to provide secured rental housing with a minimum 20% (or one-for-one replacement of any existing rental units, whichever is greater) as below-market rental housing are required to meet average starting below-market rental rates that are at least 20% less than the average rents for the local area as published by the CMHC. As an additional target, 30% of the below-market rental housing units will be at a 50% discount to the CMHC average rents, subject to financial viability.

**Table 7: Maximum Below-Market Rents Under the West End Plan Rezoning Policy
(Burrard Corridor Areas D and E)**

Unit Type	CMHC Zone 2 - English Bay		CMHC Zone 3 - Downtown	
	20% Below Average Rents	50% Below Average Rents	20% Below Average Rents	50% Below Average Rents
Studio	\$1,161	\$726	\$1,161	\$896
1-bedroom	\$1,566	\$979	\$1,566	\$1,030
2-bedroom	\$2,411	\$1,507	\$2,411	\$1,545
3-bedroom or larger	\$2,523	\$1,577	\$3,335	\$2,085

2.4.4. Rent Increases for Below-Market and Moderate Income Rental Units After Initial Occupancy

After initial occupancy, rent increases during a tenancy will be limited to the maximum allowable increase set out by the Province as per the Residential Tenancy Act. Between tenancies, the rent for a below-market or moderate income rental unit (not applicable where different terms were agreed upon through a Housing Agreement) may be re-indexed to the current CMHC average rent by unit type, applying the same discount rate as was secured at the time of occupancy permit issuance (e.g. minimum 10% or 20% as applicable above).

2.4.5 Additional Requirements for Below-Market and Moderate Income Rental Housing

Requirements for the operation of below-market and moderate income rental units enabled through the policies referenced in this Bulletin will be secured in the Housing Agreement:

- **The Proponent Will Verify Eligibility for New Tenants in Below-Market and Moderate Income Rental Units²**
 - For new tenants, household income cannot exceed 4 times the annual rent for the unit (i.e. at least 25% of their gross income is spent on rent)
 - There should be at least one occupant per bedroom
- **The Proponent Will Verify Eligibility for Existing Tenants in Below-Market and Moderate Income Rental Units³**
 - The building operator will test existing tenants to ensure they continue to be eligible every 5 years after initial occupancy
 - For existing tenants, household income cannot exceed 5 times the annual rent for the unit (i.e. at least 20% of their gross income is spent on rent)
 - There should be at least one occupant per bedroom
 - If an existing tenant no longer qualifies for their below-market rental unit, the operator will issue a notice to end tenancy in accordance with the Residential Tenancy Act. The notice will take effect 6 months after the date of issuance.

^{2,3} Income testing is not required for renters exercising their right of first refusal under the Broadway Plan. Refer to the [Tenant Relocation and Protection Policy – Process and Requirements Bulletin](#) for more information

Note: In order to support stability of tenure, Provincial regulations allow additional flexibility for operators that meet the definition of a “housing society.” The City will consider alternative proposals for ensuring that below-market rental units continue to serve targeted households over the long term while ensuring that existing tenants have stability of tenure.

- The Proponent Will Provide an Annual Report to the City on the Operation of the Below-Market Rental Units
 - The report will be in a format deemed acceptable by the General Manager of Planning, Urban Design and Sustainability, or their designate.
 - The report will be designed to ensure that the City can confirm that the building is operating as agreed, and will include information on:
 - Rents collected for all below-market units
 - Unit turnover and incomes of new qualified tenants
 - Updated incomes for households who have occupied a below-market unit for 5 years
 - The City may audit the information provided in the report.