



# REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: **Proposed Council Policy: Tenant Relocation Plans**

File #: [Required]

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From: Carl Johannsen, RPP, MCIP  
Director of Development Services

Date: March 1, 2022

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## RECOMMENDATION:

THAT Council approve Council Policy No. CO-81 Tenant Relocation Plans.

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## PURPOSE:

The purpose of this report is to propose a new Council Policy No. CO-81 'Tenant Relocation Plans' (Attachment 1), for Council's consideration of approval. Once in effect this Policy will guide the relocation and compensation of residential tenants living in purpose-built rental buildings that are being proposed for redevelopment.

## POLICY:

Policy 1.18 'Tenant Relocation Plans' in the new Official Community Plan (OCP) requires the use of a Tenant Relocation Plan by developers who are proposing to redevelop existing purpose-built multi-family rental buildings. These developers are also required by the Provincial *Residential Tenancy Act* (RTA) to provide affected tenants a minimum of four months advance notice of end of tenancy, and one month rent compensation, when they obtain a demolition permit, which typically occurs following the approval of a Development Permit application by Council.

### OCP Policy 1.18 Requirements

Policy 1.18 in the OCP is as follows:

*Require development permits for redevelopments or major renovations resulting in permanent relocation of tenants in existing residential rental units to provide a Tenant Relocation Plan. At a minimum, and along with Council Policy regarding tenant relocation, the Tenant Relocation Plan must include the following components:*

1. *Early communication with tenants;*
2. *Designating a relocation coordinator;*
3. *Financial compensation provided based on length of tenancy and Residential Tenancy Act;*
4. *Arrangement, at the choice of the applicant, for an insured moving company or a flat rate payout for moving expenses;*
5. *Assistance finding new accommodations and relocation;*
6. *Existing tenants shall be provided Right of First Refusal to move back into the new building or at the new non-market rents in circumstances when the replacement unit is social housing.*

#### Proposed New Council Policy to Guide Tenant Relocation

The City is anticipated to experience significant residential growth and redevelopment over the next 25 to 30 years. The planned arrival of SkyTrain will likely increase the current high level of redevelopment activity, and the new OCP permits significant increases in available residential density on properties within a 5 to 10 minute walk of the Downtown and planned SkyTrain stations at 196 Street and 203 Street.

Given this context it is reasonable to expect that multiple existing purpose-built rental buildings will undergo redevelopment during this time. While this will renew the City's rental housing stock over time, it will also result in the displacement and relocation of tenants living in these buildings. Based on this it is important to not only require the implementation of OCP Policy 1.18 with development applications involving the redevelopment of purpose-built rental buildings, but this also requires the creation and use of a new Council Policy, as identified in Policy 1.18, that includes additional details regarding tenant notice, compensation and relocation assistance that developers will be expected to provide affected tenants. A new Council Policy will also provide clear policy guidance and increased certainty for affected tenants, and can be updated from time to time (ie. bi-annually) to respond to changing conditions.

Staff have thus developed a new Council Policy, CO-81 Tenant Relocation Plans, for Council's consideration of approval and subsequent implementation by staff. This Policy, which is summarized in the following section, has been informed by extensive review of tenant relocation policies in surrounding municipalities, and is based on principles that aim to balance multiple factors related to the City's planning and development context and the needs of affected tenants. These principles include:

1. Providing transparent notice, compensation and relocation assistance for tenants;
2. Prioritizing the rehousing of tenants into suitable accommodations;
3. Creating a policy that uses Provincial RTA requirements as a baseline;
4. Supporting redevelopment as per the new OCP, including rental housing renewal;
5. Using requirements that reflect policies in surrounding and similar municipalities;
6. Including relocation requirements that balance economic viability with the significantly higher redevelopment densities on existing rental properties; and

7. Recognizing the need to have Policy requirements that reflect the current market context of tight rental unit supply and eroding affordability.

## **COMMENTS/ANALYSIS:**

The draft Council Policy CO-81 includes the following components and details:

### **1. Communication with Tenants**

Tenant relocation policies in surrounding municipalities (including those in Attachment 2) require developers to be in early and ongoing communication with tenants, including when an official redevelopment application is made and at key points in the process, including a meeting with tenants prior to the application going to Council for consideration and meeting(s) thereafter to provide updates on the application process, relocation support and pending demolition permit issuance.

Following this, CO-81 includes specific tenant notice and update requirements that the developer will be expected to meet upon making an official application with the City and prior to/after major development application milestones. CO-81 also requires the creation and maintenance of an information website/portal by the developer that provides information regarding the development application and process, tenant relocation plan, contact information for the Tenant Relocation Coordinator and the developer, and relevant housing and tenant information.

### **2. Tenant Relocation Coordinator**

Tenant relocation policies in surrounding municipalities also require the use of a dedicated Tenant Relocation Coordinator (TRC) to facilitate direct communication with tenants and provide ongoing support and assistance in securing suitable replacement accommodations according to applicable tenant relocation policies.

These coordinators are funded by the developer and are to be available to tenants via in-person meetings, email and phone through regularly scheduled office hours. City of North Vancouver (CNV) and Burnaby require these TRCs to be independent, third party individuals/companies that are not directly associated with the developer.

Staff support this as a requirement for CO-81, as it will help to ensure parity of support for tenants and a dedicated contact that is readily available to tenants and whose primary role is finding suitable new accommodations for affected tenants. For example, the TRC could be an independent contractor/company or a staff member of a rental management company that the developer retains to manage the building.

### **3. Financial Compensation**

All municipalities with tenant relocation policies require compensation beyond the Provincial RTA to assist tenants with finding new accommodations, as these new accommodations may involve higher rents (plus damage deposit) than what these

tenants are currently paying. Many municipalities also require this compensation to increase as tenancy length increases. This is due to long-term tenants (ie. over 10 years) usually paying a lower rent in their unit compared to the current market rent for an equivalent unit elsewhere, and thus additional compensation is needed to assist these tenants in being able to rent an equivalent unit in a new location.

Attachment 2 compares compensation amounts, in terms of months of current tenant rent, for tenant relocation policies in surrounding municipalities. It is assumed that these compensation amounts include the 1 month rent compensation required by the RTA (Coquitlam's policy notes this), and Surrey, Coquitlam, Port Moody and District of North Vancouver (DNV) all refer to these compensation amounts as 'minimums'.

Based on this municipal scan and the City's development and rental market context, staff recommend that the proposed Council Policy CO-81 include cash compensation amounts that are similar to CNV and Port Moody, which are similar sized communities with similar existing or anticipated development densities (Port Moody also has SkyTrain). These compensation amounts are also proposed to escalate according to length of tenancy, similar to CNV, Port Moody, Coquitlam and Vancouver, on the assumption that rents being paid by longer-term tenants are less than current market rents for equivalent units in other rental buildings.

The proposed minimum compensation levels are as follows:

- i. 0 to 5 years: 2 months rent
- ii. 6 to 10 years: 3 months rent
- iii. 11 to 15 years: 4 months rent
- iv. 16 to 20 years: 5 months rent
- v. Over 20 years: 6 months rent

Staff also note that these minimum compensation levels do not prevent a landlord and tenant from negotiating a Mutual Agreement to End Tenancy (as per Provincial legislation) that involves cash compensation that differs from what is identified in the Council Policy. In these cases it is staff's expectation that compensation provided by the landlord to the tenant through a Mutual Agreement to End Tenancy exceeds the minimums in Policy CO-81.

Staff also note that the Council Policy will require the TRC to request occupancy reports and length of tenancy information from tenants to determine cash compensation amounts as noted above.

#### 4. Moving Assistance

For moving expense assistance most municipalities require a range of \$750 to \$1,250 for 1 bedroom to 3 or more bedroom units respectively, either as a flat rate cash payment to the tenant or as a credit towards the cost of a moving company that

the developer or TRC retains on behalf of the tenant. Following Coquitlam's and Port Moody's requirements, staff propose a minimum of \$750 for 1 bedroom, \$1,000 for 2 bedroom and \$1,250 for 3 or more bedroom units.

#### 5. Relocation Assistance

Most municipalities with tenant relocation policies require the developer/TRC to directly assist tenants in finding suitable new accommodations to relocate to. This includes identifying at least three dwelling unit options comparable to what the tenant is currently housed in, located within the municipality and/or in a nearby municipality, and renting near or at CMHC average market rent for that location.

Staff recommend that for CO-81 the TRC is required to find at least three suitable dwelling options, ideally located within the City, Township of Langley or City of Surrey, that are renting near (within 10%) the CMHC average market rent, with at least one of the options meeting tenant needs such as accessibility, family-friendly, pet-friendly, etc. Staff also suggest that due to tight rental market conditions, and upon tenant request, the TRC will be expected to identify suitable accommodations in municipalities other than those identified above and help tenants to secure a new unit through contacting property managers on behalf of tenants, arranging viewing appointments and providing references. If applicable, TRCs can also assist tenants with applications for rent supplements.

#### 6. First Right of Refusal

Tenant relocation policies in surrounding municipalities also require developers to offer 'first right of refusal', where existing tenants can move back into a similar unit in the new building, often at a market or below-market rental rate (or non-market rate if the replacement unit is non-market). Port Moody and Vancouver also require the rents of first right of refusal units to be 20% below market, and Surrey and Richmond require 10% below market (with Housing Agreements to ensure below market rents are identified on a per-unit basis). Richmond and DNV also require 5% discounts on new strata unit purchase prices.

Noting that Council has directed staff to complete a below market rental housing study, the outcomes of which will likely recommend below market rent levels and the percentage of below market units in new developments, staff recommend that in the interim First Right of Refusal units are required to be offered to existing tenants by the developer, with a recommended 10% below market rental rate or 5% discount off of a strata unit purchase price.

#### 7. Vulnerable Tenants

Burnaby, CNV, DNV, Port Moody and Surrey require additional support for vulnerable tenants, which typically include tenants with disabilities and seniors that are paying rents well below current market rates (due to lengthy tenancies) and have incomes and tax status that qualify them for non-market housing.



Vulnerable tenants are of particular concern when considering the redevelopment of existing rental buildings in the City. This is due to their potential inability to find suitable new housing that they would be able to rent based on their income, which in turn can put these tenants at risk of experiencing substandard housing/living conditions and homelessness. Other factors, such as disabilities and lack of resources such as internet and/or support services, can also increase the difficulty of finding and securing new and suitable accommodations for vulnerable tenants.

One of the best approaches for relocating vulnerable tenants is through non-market housing options, like deep subsidy or Rent Geared to Income (RGI) units that are subsidized by BC Housing, or in market units where the tenants can receive BC Housing rent supplements to help pay market rents. This approach is consistent with the municipalities noted above, who recommend working with non-profit/non-market housing providers to find accommodations for vulnerable tenants. BC Housing's current methodology for determining tenant eligibility for non-market units and non-market rents, specifically for deep subsidy and RGI units, provides a good template for defining vulnerable tenants and what general maximum rent levels might be attainable by vulnerable tenants vs. tenants that are able to pay near or at-market rents. The current rent for a 1 bedroom non-market RGI unit in the City is about \$1,000 vs. \$1,450 market rent.

Staff thus recommend that Council Policy CO-81 include additional requirements for vulnerable tenants. This includes first defining vulnerable tenants as those 1.) with disabilities that have a recognized disability pension or are considered disabled for income tax purposes, and/or seniors aged 55 or older, consistent with BC Housing definitions, 2.) who qualify for deep subsidy and RGI units, and 3.) are currently paying monthly rent that is equivalent to or less than average monthly rents for RGI units in the City. Following this, the additional requirements include:

- i. requiring the TRC to identify non-market, subsidized and accessible options to relocate to, assist vulnerable tenants in applying for, visiting/viewing and acquiring these units, assist vulnerable tenants with packing, and where applicable, assist vulnerable tenants in applying for rent supplements; and
- ii. requiring the developer to provide the following minimum compensation:
  - a. if a vulnerable tenant is relocated to a non-market, subsidized unit: 4 months rent for tenants with tenancies up to 15 years, 5 months rent for 16-20 years and 6 months rent for over 20 years;
  - b. if a vulnerable tenant is relocated to a rental unit that is not a non-market, subsidized unit: 6 months rent, regardless of tenancy length.

If the occupancy report indicates there may be tenants that do not have disabilities and/or are not seniors, but they qualify for RGI rents or rent supplements, the TRC can provide additional assistance in finding suitable accommodations for these tenants and helping them apply for rent supplements, as required.

## **BUDGET IMPLICATIONS:**

There are no budget implications associated with this report or proposed Council Policy CO-81. Financial requirements related to tenant notice, relocation and compensation are the responsibility of the developer.

## **ALTERNATIVES:**

1. Change the proposed Council Policy CO-81 notice, compensation and/or relocation requirements prior to consideration of approval of CO-81.
2. Refer the proposed Council Policy CO-81 back to staff with Council direction regarding specific changes to the Policy.

Respectfully Submitted,



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Carl Johannsen, RPP, MCIP  
Director of Development Services

Attachment(s):

1. Draft Council Policy CO-81 Tenant Relocation Plans
2. Municipal Comparison of Compensation Amounts (Months of Rent)

## **CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:**

I support the recommendation.



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Francis Cheung, P. Eng.  
Chief Administrative Officer