

October 7th, 2024

Mayor Patrick Johnstone and Council
City of New Westminster
511 Royal Avenue
New Westminster, BC V3L 1H9

Dear Mayor Johnstone and Council,

RE: Interim Density Bonus Policy

On behalf of more than 900 members of the Urban Development Institute (UDI), we are writing to express our concerns with the proposed amendments to the City's Interim Density Bonus Policy endorsed by Council on September 23rd, 2024. City staff originally proposed a density bonus rate of \$50 per square foot on strata density above the as-of-right zoning. However, the policy was amended to include the \$50 per square foot charge on Purpose-Built Rental (PBR) buildings, which was endorsed by Council.

This amendment represents a significant barrier to providing the very housing options that New Westminster is committed to delivering for families and individuals. As noted on the City's [website](#), "Rental housing is a City priority."

Applying density bonus payments to PBR projects – especially at the strata rates – at the very least will discourage developers from adding additional market rental units in their projects. In other cases, the changes would make many PBR projects unviable for proponents, leading to cancellations.

Market rental projects serve a diverse range of residents across varying income levels, ages, and employment types, and are a crucial component of the housing continuum. The City's [Housing Needs Report](#) indicates that 690 new PBR units are estimated to be necessary to meet future demand between 2021-2026, and 1,380 new PBR units are estimated to be necessary to meet demand by 2031. We suspect this is likely why City Staff excluded PBR projects from the Interim Density Bonus Policy.

Much of the new affordable housing and amenities in New Westminster have been delivered from charges on new strata residential. However, rental housing differs significantly from strata, as rental floor space holds a considerably lower market value and higher risks. It is not possible for PBR to take on the same level density bonus rates as strata residential developments. City policies, procedures,

and decision-making that do not differentiate in this regard will significantly undermine our members ability to deliver this much-needed housing form.

This is especially true under our current market conditions. As noted in the recent Metro Vancouver report *What Works: Local Government Measures for Sustaining and Expanding the Supply of Purpose-Built Rental Housing*, since “.....current conditions are challenging for development, it is all the more vital that incentives and supports for purpose-built rental housing be applied in order to ensure that much-needed purpose-built rental projects remain viable.” This is why “...construction of purpose-built rental housing in Metro Vancouver is not keeping pace with the region’s growing population and demand for diverse housing options.”

The challenges will become more difficult with the increased Metro Vancouver Development Cost Charges coming into effect in January. These will further undermine the economic viability of projects during an already economically challenging landscape.

We hope that Council will take this into consideration, as the City of New Westminster has been recognized for having one of the “....highest share of rental housing starts as a percentage of total housing starts demonstrating strong support for rental projects,” and applies “....incentives that improve rental viability when compared to condominium development,” as noted in the Metro Vancouver report above. The amended City approach to apply density bonus payments to PBR projects will be a step backward from these positive approaches.

UDI strongly urges the City to reconsider this amendment to the Interim Density Bonus Policy and exclude PBR buildings from density bonus payments. If you have any questions or need further clarification, please do not hesitate to reach out.

Yours sincerely,



Anne McMullin

President & CEO, Urban Development Institute