

# COUNCIL POLICY

Planning and Development



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<b>Policy Name</b>	Mid-Market Rental (MMR) Policy
<b>Policy Number</b>	M7
<b>Effective Date</b>	July 25, 2022
<b>Approved By</b>	Council

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## PURPOSE

The purpose of this policy is to set out an approach for the administration and allocation of Mid-Market Rental (MMR) housing throughout the City of North Vancouver.

The Density Bonus and Community Benefits Policy requires MMR units in all new developments with a residential rental component when seeking a density bonus. This Policy contributes to meeting the objective of the 2014 Official Community Plan to provide affordable and appropriate housing that matches the diverse needs of local residents and reduces commuting times.

## POLICY

To facilitate affordability for low to moderate income renters, in new secured market rental developments that are seeking a density bonus, 10% of units should be rented at 10% below average rents in the City, as calculated by Canada Mortgage and Housing Corporation (CMHC), in perpetuity.

### Definition of MMR Unit

Mid-Market Rental (MMR) units are dwelling units:

- that are occupied by households that are low and moderate income renters, including the City's workforce;
- that are set at 10% below Canada Mortgage and Housing Corporation (CMHC) *average market rents*\* for the City, based on unit type, and secured in perpetuity; and,
- Where the registered owner or ground lessee of the freehold or leasehold title to the land on which the housing is situated has granted to the City a Section 219 covenant, housing agreement, or other security for the housing commitments required by the City, registered against the freehold or leasehold title, with such priority of registration as the City may require.

### Securing MMR Units and Unit Management

MMR units are secured by Housing Agreement and may be managed and administered by the rental building owner or a management agent appointed on their behalf. Management agents may be for-profit or non-profit organizations. All MMR units in a development must be managed and operated by one agent. All obligations on the owner under the Housing Agreement are subject to compliance with the Residential Tenancy Act.

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\**Average market rents* are defined in CMHC's Rental Market Survey and updated annually for the calendar year.

## Rent Setting, Tenancy Terms and Rent Increase

Mid-Market Rent Levels are set at 10% below average market rents in the City for a given unit size, with average market rents defined by CMHC's annual Rental Market Survey. The starting rents for MMR units will be updated annually based on the CMHC data for the calendar year and posted on the City's website. The rental rate for MMR units will be set at the time of occupancy of the building and secured in perpetuity.

Household Income Limits are determined by multiplying the Mid-Market Rent Level by 12 to yield the households' annual housing costs, and dividing by 30% to meet the standard level of affordability. Household Income Limits are used as part of the eligibility criteria for an MMR unit. There is no requirement to monitor household income after a tenancy agreement has been signed.

Table 1 provides an example of the MMR rent levels calculation and household income limits for units occupied in 2022. (As noted above, this table will be updated annually based on the CMHC data for the calendar year and posted on the City's website – Table 1 is ONLY an example.)

*Table 1: Example - 2022 MMR Unit Rent Levels and Household Income Limits*

<b>Unit Size</b>	<b>2021 CMHC Average Market Rent for CNV</b>	<b>2022 Mid-Market Rent Level</b>	<b>Household Income Limit</b>
Studio	\$1,232	\$1,109	\$44,360
1 bedroom	\$1,466	\$1,319	\$52,750
2 bedroom	\$1,838	\$1,654	\$66,160
3+ bedroom	\$3,050	\$2,745	\$109,800

MMR units are subject to the requirements of the Residential Tenancy Act, which sets out allowable increases during a tenancy. Upon re-let, MMR units are subject to the baseline criteria, prioritization approach, and advertising requirements set out below. Rents and household income limits for MMR units at re-let would be at the levels published by the City for the calendar year in which the re-let takes place.

### Typical Unit Size

At least 10% of all MMR units delivered must be family-friendly units with 3 or more bedrooms. MMR units must be generally comparable to market units in terms of size, layout, and location within a building and floorplate.

### Tenant Eligibility Criteria

The following eligibility criteria provides a balanced, fair, and transparent process to tenant selection for MMR units along with certainty and clarity for rental building owners regarding the advertisement and prioritization process for renting MMR units.

To be eligible for an MMR unit, a tenant must meet the following criteria:

- Have a gross annual income below the Household Income Limit for the corresponding unit size for the year of occupancy;
- Have no ownership or interest in a property where the household could otherwise occupy; and,
- Either be:
  - A City of North Vancouver resident; and/or,
  - A person who has worked in the City of North Vancouver for the last six months or more.

## Priority Matrix for MMR Tenant Selection

MMR units must be let to tenants selected in accordance with the Priority Matrix set out in Table 2. The Priority Matrix applies at first let, and at any subsequent re-let. This approach prioritizes City residents over non-City residents in recognition of the City’s objective to see the social mix of the City maintained, and non-City residents who have worked in the City for the last six months over those who haven’t, in recognition of the contribution that workers from outside the City make to the City.

Where the MMR units are part of a new development that resulted in the displacement of rental tenants from an existing building on that site, displaced tenants whose household income is below the household income limit have first priority for an MMR unit of an appropriate size. Tenants who have been displaced by redevelopment elsewhere in the City and whose household income is below the household income limit will have second priority for an MMR unit of an appropriate size. For the purposes of tenant selection, a family is defined as a household with a minimum of two people, one of whom is a dependent.

Where the housing provider has complied with the advertisement requirements set out in this policy and there are no applicants who are displaced tenants or who live/work in the City, the housing provider may select a tenant who does not live/work in the City provided the household income limits and decision making process regarding 2 bedroom and larger units are followed.

Table 2: Priority Matrix for MMR Tenant Selection

Priority	Status	Decision Making →		
<b>First</b>	Tenants displaced from former building due to redevelopment	Household income limits apply	If two or more applicants, families have priority for 2 bedroom and larger units	If still the same, first to apply will have priority
<b>Second</b>	Tenants displaced from other buildings in the City due to redevelopment	Household income limits apply	If two or more applicants, families have priority for 2 bedroom and larger units	If still the same, first to apply will have priority
<b>Third</b>	City residents or non-City residents who have worked in the City for the preceding six months	Household income limits apply	If two or more applicants, families have priority for 2 bedroom and larger units	If still the same, first to apply will have priority

## Advertisement

Prior to undertaking tenant selection for the first let of an MMR unit, the MMR unit must be advertised for a minimum of one month on at least two common rental property search platforms. The platforms selected must allow tenants to view available properties for rent in North Vancouver without payment of a fee or requirement for registration. The advertisement must include full details of the available MMR units, including the tenure restrictions set out in this policy and the closing date for applications after which tenant selection will take place. When an MMR unit becomes available for re-let, the required advertisement period is one week.

The City will establish an online 'register of interest' for MMR units that enables individuals to register their interest in receiving notifications about the availability of MMR units. Housing providers will be required to provide relevant information to the 'register' about when MMR units will be coming available for rent. Individuals would not need to be on the 'register of interest' to apply for an MMR unit and individuals would apply directly to the housing provider for available units. The 'register of interest' is a notification system for those who would like to know when units become available.

**Annual Submission of Compliance Information**

The owner of the building (or the appointed management agent) is required to submit annual information to the City that demonstrates compliance with the provision of this policy. The annual submission is to be via standardized form and coordinated with Business License Renewal.

**AUTHORITY**

*Local Government Act, RSBC, 2015*

**REFERENCES**

Density Bonus and Community Benefits Policy (Doc [2198816](#))

**DOCUMENT HISTORY**

<b>Date</b>	<b>Action</b>	<b>By</b>
July 25, 2022	Approved	Council