



**AGENDA
SPECIAL GOVERNANCE & PRIORITIES COMMITTEE
MEETING OF OCTOBER 26, 2015, AT 8:00 A.M.
COUNCIL CHAMBERS
CITY HALL, 1 CENTENNIAL SQUARE**

Page

CALL TO ORDER

APPROVAL OF THE AGENDA

WORKSHOP - CONTINUED FROM OCTOBER 23, 2015

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| 1. | Analysis of Mayor's Housing Affordability Task Force
Recommendations
<i>--J. Tinney, Director of Sustainable Planning & Community Development</i>
<u>Late Item: Presentation</u> | 3 - 61 |
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*A report providing Council with an analysis of the recommendations provided
by the Mayor's Housing Affordability Task Force.*

ADJOURNMENT



Governance and Priorities Committee Report For the Workshop of October 23, 2015

To: Governance and Priorities Committee **Date:** September 25, 2015
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: Analysis of Mayor's Housing Affordability Task Force Recommendations

RECOMMENDATIONS

1. That the following Mayor's Housing Affordability Task Force recommendations form part of a comprehensive Municipal Housing Strategy:
 - a. review the Victoria Housing Fund Reserve guidelines, consider allocations and establish new criteria to encourage family-oriented units;
 - b. update the *Zoning Regulation Bylaw* to facilitate additional housing capacity and types following local area planning within each neighbourhood;
 - c. remove the minimum unit size requirements for multi-unit residential zones within the *Zoning Regulation Bylaw* concurrent with the update to *Schedule "C" – Off-Street Parking Regulations*;
 - d. review *Schedule G – House Conversion Regulations* to determine what amendments would best accommodate additional conversion opportunities that are consistent with the *Official Community Plan*;
 - e. reduce parking requirements and consider parking innovations that support affordable housing projects as part of the planned *Schedule "C" – Off-Street Parking Regulations* update;
 - f. reconsider policies and guidelines for potential conversion of motel properties in the Burnside neighbourhood as part of the local area planning process (Phase II public engagement);
 - g. update the *Property Maintenance Bylaw* to improve tenant housing quality;
 - h. consider additional delegation authority initiatives for development applications in future years following monitoring and evaluation of the delegation options currently under consideration by Council;
 - i. investigate opportunities for the City to support the development of affordable ownership programs; and
 - j. examine options for a municipal real estate function that would support City goals related to revenue generation or other municipal objectives through strategic use of the City's land base (following the outcomes of the Mayor's Economic Development Task Force), including considerations for staffing and land inventory.
2. That staff bring forward a draft Municipal Housing Strategy outline that includes the items listed above, with associated timelines for completion.

3. That Council explore options and implications at the workshop, with further direction to staff, on the following Task Force recommendations:
 - a. Consider whether amendments to the *Zoning Regulation Bylaw* to permit garden suites in single-family zones and relaxing secondary suite eligibility regulations should be dealt with immediately and on a City-wide level or whether these considerations should form part of local area planning with each neighbourhood, with zoning amendments to follow;
 - b. Consider options and financial implications of reducing fees, waiving development cost charges (DCCs), permissive tax exemptions, requiring housing agreements, providing other incentives for affordable housing and whether Council would like to pursue some or all of the incentives;
 - c. Consider different ways of achieving "inclusionary zoning" objectives and its impact on community amenity contributions.

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with an analysis of the recommendations provided by the Mayor's Housing Affordability Task Force, for consideration at two workshops in October 2015. The Task Force recommended 25 solutions that focus primarily on the development of housing that meets the affordability needs of households that fall within Statistics Canada's middle two income quartiles (household incomes ranging from \$18,147 to \$57,772 per annum). The recommendations include solutions covering policy and regulatory changes, procedural changes, incentives, staff support and outreach.

Staff have analyzed each recommendation in the attached table, which confirms the City authority, identifies pros and cons and, for some complex items requiring further exploration at the workshop, questions for consideration and further work. Based on the analysis, many of the actions have been recommended to form the basis of a comprehensive Municipal Housing Strategy. Staff propose to include those items, propose other items for inclusion in the Strategy based on a best practice scan of strategies in other jurisdictions, assign anticipated timelines for completion and report back to Council with an outline for a draft Municipal Housing Strategy.

In addition, it is recommended that Council focus on exploring particular Task Force recommendations in more depth at the workshop, to more fully consider implications and options. These include the Task Force's recommendations on changes to garden suite and secondary suite regulations, various types of incentives and inclusionary zoning as it relates to community amenity contributions.

PURPOSE

The purpose of this report is to provide Council with an analysis of the recommendations provided by the Mayor's Housing Affordability Task Force to determine which items Council would like to pursue and form part of a comprehensive Municipal Housing Strategy.

BACKGROUND

On April 16, 2015, Victoria City Council approved its Strategic Plan for 2015-2018. Included within that plan were a number of actions aimed at addressing the issue of housing affordability. Chief among those actions was the creation of a Task Force on Housing Affordability. The Task Force was chaired by Mayor Helps and comprised of Councillors Loveday and Isitt, planning staff and a range of volunteers and stakeholders from the local community.

The Task Force was mandated by Council to identify solutions that could help increase the supply of new units of low-cost housing. In an effort to limit the scope of this to areas of most practical municipal impact, Task Force members agreed to identify solutions that focus primarily (though not exclusively) on the development of housing that meets the affordability needs of households that fall within Statistics Canada's middle two income quartiles (household incomes ranging from \$18,147 to \$57,772 per annum). Task Force members also agreed to examine potential solutions that could achieve greater affordability in both non-market and market housing developments. Task Force members acknowledged that additional housing options are needed to support households within the first income quartile, but the interventions necessary are beyond the capacity of the City, on its own, to fully implement. The City will explore opportunities to partner with other levels of government as well as stakeholders in the non-profit and private sector to identify and, where possible, implement solutions.

While the responsibility for housing has fallen traditionally within the jurisdiction of the provincial and federal governments, the Task Force's work and recommendations are based upon an understanding that the City of Victoria can and should take a leadership role to support the increased availability of more affordable market housing. The City and other municipal partners can do this by both building capacity and reducing barriers to the provision of affordable housing by both non-profit and for-profit housing developers.

Working together across different sectors and perspectives, in two months the Housing Affordability Task Force created a suite of recommendations that was presented for consideration at Council's Governance and Priorities Committee on July 16, 2015. Council requested that staff report back at two Council workshops in October 2015 to provide an analysis of the Task Force recommendations, forming the beginnings of a Municipal Housing Strategy. This direction was ratified by Council at the meeting of July 23, 2015 as follows:

1. *Receive the suite of recommendations in Appendix A of the report dated July 6, 2015 in its entirety;*
2. *Direct staff to consider the actions contained therein to form the basis of an comprehensive Municipal Housing Strategy with an aim to supporting implementation during the timeline laid out;*
3. *That staff report back to Council with a draft Municipal Housing Strategy in October 2015; and*
4. *Amend page two of the report dated July 6, 2015 by removing the chart and replace it with the City of Victoria Housing Spectrum Chart.*

ISSUES & ANALYSIS

The Task Force proposed 25 recommendations which cover the following:

1. Policy and regulatory changes
2. Procedural changes
3. Incentives
4. Staffing support and outreach.

Staff have analyzed each recommendation in the attached table, which confirms City authority, identifies pros and cons and, for some complex items requiring further exploration at the workshop, questions for consideration and further work. Please refer to this attachment for a full analysis of each recommendation.

OPTIONS & IMPACTS

2015 – 2018 Strategic Plan

This report addresses Strategic Plan Objective 6: Make Victoria More Affordable. In particular, actions identified for 2015 include initiating a Municipal Housing Strategy, considering income mixed zoning, and considering further incentives for garden suites and secondary suites. These were to be considered at a Council workshop on affordable housing.

Impacts to 2015 – 2018 Financial Plan

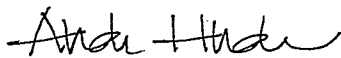
The recommendations of the Mayor's Housing Affordability Task Force regarding waiving development cost charges (DCCs), reducing permit fees for development applications, reviewing Housing Reserve Fund, considering permissive tax exemptions, the potential addition of a new Housing Office (if deemed to be needed), contributing City land at no or reduced cost, incentives to support conversion of underutilized space above commercial properties, and incentives to assist landlords would all have an impact on the Financial Plan. These impacts are identified in the attached table and will be explored at the workshop.

Official Community Plan Consistency Statement

The recommendations of the Mayor's Housing Affordability Task Force are consistent with the *Official Community Plan* (OCP) which contains several policies to encourage and facilitate affordable housing and directs the City to consider all available tools to encourage affordable housing (policy 13.4).

There are some recommended actions that will need to be carefully considered to ensure the outcomes are consistent with the growth strategies directed by the OCP (i.e. potential amendments to the House Conversion regulations) to ensure that growth is primarily directed to the core area, urban villages and key transit corridors, with modest infill throughout the "traditional residential" areas.

Respectfully submitted,



Andrea Hudson, Assistant Director
Community Planning Division



Jonathan Tinney, Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:



Date: Oct 1, 2015

List of Attachments

- Analysis of Housing Affordability Task Force Recommendations
- Mayor's Task Force on Housing Affordability Recommendations, dated July 6, 2015.

Analysis of Housing Affordability Task Force Recommendations

Year 1 Actions (2016):

Task Force Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
1. Minimize and pro-rate fees for affordable housing projects <i>*This includes a reduction in costs associated with development application supporting information (studies) and costly design features. The recommendation is aimed at small to mid-sized infill projects (not large projects).</i>	Yes, requires bylaw amendments e.g. Land Use Procedures Bylaw, Building Bylaw, Sanitary Sewer and Stormwater Utilities Bylaw	<ul style="list-style-type: none">• Low and moderate income households• People with special housing needs• Older populations• Households with children, particularly lone parent households• Service workers	<ul style="list-style-type: none">• Reducing fees and eliminating need for studies may help to reduce a small portion of overall project costs.• Not requiring studies may help streamline development application processes.• Actions #9 and #22 may assist with achieving this objective if parking requirements are reduced for affordable housing projects, thereby lessening the need for traffic studies or the provision of underground parkade structures.	<ul style="list-style-type: none">• Permit fees provide cost recovery related to staff time spent processing applications. Staff time would still need to be expended.• Not requiring studies in some circumstances may impact approval process if full information is not provided (i.e. public's ability to comment, staff's ability to provide recommendations, Council's ability to make a decision).	<ul style="list-style-type: none">• Affordable housing projects by non-profit organizations are currently fast-tracked which provides cost savings to applicant. Does Council wish to expand to for-profit applicants?• Unclear if this would result in more affordable housing projects. More consultation may be needed to determine if this is currently a significant barrier.	<ul style="list-style-type: none">• Explore options at Council Housing Workshop for further direction.
2. Review the Victoria Housing Reserve to determine: a. Whether there is a need to increase the \$10,000 per unit amount limit allocated to affordable housing developments; b. Consider the option of introducing a per-bedroom allocation to encourage the development of larger units; c. Investigate options to expand the capacity of the fund through alternative financing mechanisms.	Yes, requires policy amendment to revise program guidelines – does not require a bylaw amendment	<ul style="list-style-type: none">• Low and moderate income households• People with special housing needs• Older populations• Households with children, particularly lone parent households• Service workers	<ul style="list-style-type: none">• Per bedroom allocation may help to achieve more dwelling units including family-oriented housing.• Expanding capacity and overall balance of Housing Fund may encourage more affordable housing projects within the region.	<ul style="list-style-type: none">• Increase in funding will reduce the overall fund more rapidly without necessarily resulting in any more housing than what would have occurred with current funding limits.	<ul style="list-style-type: none">• Does Council wish to consider criteria to allocate more funding for projects that deliver family-oriented housing or units of a certain size?• In addition to City of Victoria funding mechanisms, Council could consider requesting other surrounding municipalities to consider co-funding options.	<ul style="list-style-type: none">• Direct staff to review the Victoria Housing Fund Reserve Guidelines to encourage the further development of family-oriented units.
3. Provide permissive tax exemptions to charitable, philanthropic and/or non-profit corporations that currently own or that build affordable housing in the city.	Yes, exemption allowed through Community Charter however would require amendment to the City of Victoria Permissive Tax Policy	<ul style="list-style-type: none">• Low and moderate income households• People with special housing needs• Older populations• Households with children, particularly lone parent households• Service workers	<ul style="list-style-type: none">• Primarily indirect social benefits.• City can control and administer level of exemption or grant amount.• Exemptions can be provided for a period of up to 10 years and can be renewed for another term.• Tax exemptions provide greater financial relief than grants because 40% goes to other levels of government.	<ul style="list-style-type: none">• Exempted taxes still need to be made up by other taxpayers.• Permissive tax exemptions are not as clear or transparent as a grant.	<ul style="list-style-type: none">• Consider changes to the permissive tax exemption policy.• Willingness to pass on cost of exemption to other tax payers.• Council may wish to consider criteria for determining eligible forms of affordable housing based on location, target demographic and built form.	<ul style="list-style-type: none">• Explore options at Council Housing Workshop for further direction.
	Action can be absorbed within current projects or operationalized in 2016					
	Action requires further consideration and reporting back					

Task Force Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
4. Waive development cost charges (DCCs) for affordable housing projects where applicants are willing to enter into a housing agreement.	LGA, Section 933.1 (for not-for-profit rental housing including supportive living housing and for-profit affordable rental housing) Requires amendment to DCC Bylaw	<ul style="list-style-type: none">• Low and moderate income households• People with special housing needs• Older populations• Households with children, particularly lone parent households• Service workers	<ul style="list-style-type: none">• Provides an initial cost saving to the developer/land owner of an affordable housing project.	<ul style="list-style-type: none">• Although DCCs could be waived for a project, they still are required to be paid by the City therefore this may have a negative impact on City Finances.• Waiving or reducing DCCs would require the City to establish a dedicated budget to offset the cost of all DCCs that are waived or reduced.	<ul style="list-style-type: none">• DCC are the only dedicated source of revenue for system-wide improvements.• Results in unequal benefit among system users.• Does the City have the capacity and willingness to offset the cost of all DCCs that are waived as this will require additional finances?• How would the DCC reserve be funded?• Council can be provided with a study prepared by Urban Systems (2009) which the previous Council considered on this matter.	<ul style="list-style-type: none">• Explore options at Council Housing Workshop for further direction.
5. Direct City staff to report to Council with recommendations on implementing inclusionary zoning as a way to support the development of more affordable housing.	LGA, Section 904: city can encourage affordable housing through a formal density bonus system. Council also has discretionary power to request contributions at rezoning. Requires an amendment to the Zoning Regulation Bylaw in conjunction with a Public Hearing	<ul style="list-style-type: none">• Low and moderate income households• Potential to request unit types targeted to specific populations (e.g. larger units suitable for families; accessible units) as part of developer's housing contribution.	<ul style="list-style-type: none">• Density Bonus System and rezoning process can be used to generate affordable housing units as development occurs, contributing to target of 19% of new units being affordable.• Supports a mixed-income community	<ul style="list-style-type: none">• Likely limited potential outside of downtown core area due to lower densities• Reduce the potential for new development to contribute to the provision of other public amenities• Homeownership (strata) units in particular may require significant investment of resources to make housing units affordable for the target market	<ul style="list-style-type: none">• Consider different ways of achieving "inclusionary zoning" objectives and its impact on community amenity contributions.• Given the potential number of affordable units which can be provided by development, how/what does Council want to focus Inclusionary Zoning (e.g. income, unit type or household target)?• What balance does Council want to strike between affordable housing and amenity contributions?• What is the threshold at which on-site affordable units would be requested (as opposed to funding contributions)?• Is Council willing to consider additional incentives for on-site affordable units? (e.g. housing fund contribution, tax abatement, and additional density above OCP max, etc.)	<ul style="list-style-type: none">• Report back to Council with potential options for a Density Bonus System outside of the Downtown – anticipated for November 2015.• Explore options at Council Housing Workshop for further direction.
6. Update the Zoning Regulation Bylaw to reflect the densities envisioned within the OCP to facilitate additional housing capacity.	Yes, LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">• All demographic groups	<ul style="list-style-type: none">• Updated <i>Zoning Regulation Bylaw</i> provides more certainty to developers, land owners and communities• Avoids need for a rezoning process if City rezones existing parcels with new zones – provides greater certainty, cost and time savings	<ul style="list-style-type: none">• No guarantee that new housing would be affordable• Removing need for rezoning may reduce ability to negotiate amenities• OCP densities are high-level, and need to be confirmed through local area planning	<ul style="list-style-type: none">• Staff are currently developing new Zoning Bylaw for the Downtown Core Area only. Is Council willing to update existing Zoning regulations in advance of a local area planning process for other areas of the city?	<ul style="list-style-type: none">• Continue to develop new Downtown Core Area Zoning Regulation Bylaw.• Confirm appropriate densities and update Zoning Regulation Bylaw as part of local area plans.
	Action can be absorbed within current projects or operationalized in 2016					
	Action requires further consideration and reporting back					

Task Force Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
7. Remove the minimum unit size requirements for multi-unit residential zones within the <i>Zoning Regulation Bylaw</i> and within the <i>Conversion Guidelines – Transient to Residential Accommodation</i> .	Yes, LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">All demographic groups	<ul style="list-style-type: none">Would be consistent with current practice Downtown where no minimum residential unit sizes are specified.More units may be achieved in development projects if this regulation is removed.	<ul style="list-style-type: none">Parking will be required for all new additional units which may increase construction costs.Reduction in parking requires a parking variance (does not remove the regulatory requirement). Removal will need to be combined with reduction in required parking (actions 9 and 22) in order to be effective. <i>*See pros and cons associated with those actions.</i>	<ul style="list-style-type: none">Public consultation would be recommended with any policy and bylaw changes.The Building Code does not require minimum unit sizes for dwellings units, however, livability matters are provided for in the Building Code through minimum ceiling heights.	<ul style="list-style-type: none">Direct staff to remove the minimum unit size requirements for multi-unit residential zones within the <i>Zoning Regulation Bylaw</i> concurrent with the update to <i>Schedule “C” – Off-Street Parking Regulations</i>.
8. Amend Schedule G – House Conversion Regulations of the Zoning Regulation Bylaw to better facilitate conversion of single detached housing units to multi-unit residential buildings <i>*Note: These regulations enable larger pre-1930’s homes to be converted into multiple units (either strata or rental). Indications from the development industry is that most or all of the eligible pre-1930’s homes have been converted, leaving few opportunities for additional units.</i>	Yes, LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">All demographic groups	<ul style="list-style-type: none">Increasing the eligible age of the houses would add more housing stock that could be eligible for conversion.An alternative would be to consider introducing additional eligibility based on distance from an urban village to support the OCP growth principles.	<ul style="list-style-type: none">If the house age, number of units and minimum unit sizes were eliminated, the potential growth directed to Traditional Residential areas may exceed what is envisioned in the OCP, which directs the majority of growth in the core and in/around urban villages.Increasing the number of units within eligible houses or broadening eligibility will have parking implications in the neighbourhoods that would need to be considered. Potential solutions could be waiving parking requirements if the units are rental vs strata ownership (which would also encourage more rental units).	<ul style="list-style-type: none">The City’s House Conversion regulations have been a very successful initiative.Consider implications of removing/reducing some or all of the eligibility regulations.	<ul style="list-style-type: none">Direct staff to review <i>Schedule G – House Conversion Regulations</i> to determine amendments that would best accommodate additional conversion opportunities that are consistent with the <i>Official Community Plan</i>.
9. Reduce parking requirements within Schedule C – Off-Street Parking of the <i>Zoning Regulation Bylaw</i> as per the table provided in the Action Plan.	Yes, LGA, Section 906 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">All demographic groups	<ul style="list-style-type: none">Consideration for this can be absorbed into the planned Schedule “C” update (RFP currently under development).	<ul style="list-style-type: none">Considering this ahead of the Schedule “C” update as an immediate fix would not have the benefit of a thorough analysis by the transportation consultant team.	<ul style="list-style-type: none">Is Council willing to wait until the Schedule “C” update is complete?	<ul style="list-style-type: none">Continue developing RFP for Schedule C review including analysis of parking requirements for affordable housing.
10. Amend the Zoning Regulation Bylaw to permit garden suites in single-family zones and amend the Garden Suite Policy as necessary.	Yes, LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">Aging populationsModerate income households seeking mortgage helperStudents and lower wage workers	<ul style="list-style-type: none">Allowing garden suites outright in zoning would allow new homeowners to qualify for CMHC insured mortgage that accounts for income from garden suites. Currently, not eligible due to uncertainty.Reduces regulatory and financial barriers; will likely increase uptakeMaintains current DP review processCurrently, garden suites provide affordable home ownership but not affordable rental due to higher rent levels. Lack of rezoning may reduce costs of building garden suites, and savings may be passed onto tenant.	<ul style="list-style-type: none">Impact on adjacent properties (privacy, siting, parking). Visual impact is greater than secondary suites, since not invisible.Victoria does not have many lanes or consistent subdivision patterns therefore servicing must be done from front yard.Concern that Victoria does not have enough experience yet to draw conclusions on how this would be received.Related issue: current size restriction on garden suites limits suitability to one resident, which limits the tenant affordability	<ul style="list-style-type: none">Should garden suites be allowed outright on all R1-B properties, or just plus size lots?Should garden suites be allowed outright at a citywide level or only within certain neighbourhoods?Consider need for public engagement Citywide or neighbourhood focused.	<ul style="list-style-type: none">Explore options at Council Housing Workshop for further direction.

	Action can be absorbed within current projects or operationalized in 2016
	Action requires further consideration and reporting back

Task Force Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
11. Amend the Zoning Regulation Bylaw to permit garden suites on properties with secondary suites and amend the Garden Suite Policy as necessary.	LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">• Aging populations• Moderate income households seeking mortgage helper• Students and lower wage workers	<ul style="list-style-type: none">• Dramatically increases mortgage helper options for homeowners. This may result in lower rental rates for the tenants (additional analysis needed).• If done right, density is still fairly invisible.• Due to declining populations in some neighbourhoods, does not necessarily increase density of people per property, but does increase the number of households on a property• See notes in Action 10 regarding CMHC mortgage eligibility for garden suites.	<ul style="list-style-type: none">• Makes density/increase in housing more visible• Cumulative impact of more households and parking could impact adjacent properties.• Does this create a de facto triplex, where all three units could be rented?• May be better suited to big lots only.• May want to look at imposing requirement that owner lives on site (in one of the three units) – currently, no requirement.	<ul style="list-style-type: none">• Should there be a requirement that the owner lives in one of the units on the property?• Should garden suites on properties with secondary suites be allowed outright at a citywide level or only within certain neighbourhoods?• Consider need for public engagement Citywide or neighbourhood focused	<ul style="list-style-type: none">• Explore options at Council Housing Workshop for further direction.
12. Amend Schedule J – Secondary Suite Regulations of the <i>Zoning Regulation Bylaw</i> by eliminating the minimum size requirement and the restriction on dwellings that have been renovated in the past five years.	LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">• Aging populations• Moderate income households seeking mortgage helper• Students and lower wage workers	<ul style="list-style-type: none">• Could significantly increase the stock of housing eligible for a new suite (e.g. small houses, houses that need external/internal renovations).• Increases ability of households to make physical changes to house in order to age in place. Current regulations regarding post-secondary suite renovations reduce the size of any addition to a maximum of 20m².	<ul style="list-style-type: none">• Restrictions put in place to maintain the invisibility of density• Concern that poor quality additions would degrade the character• Additional analysis needed to determine how many small houses would be eligible for a suite if size limits eliminated.	<ul style="list-style-type: none">• How important is it that changes to existing dwellings to accommodate secondary suites be minimal or “invisible”?• Should amendments be considered at a citywide level or only within certain neighbourhoods?• Consider need for public engagement Citywide or neighbourhood focused	<ul style="list-style-type: none">• Explore options at Council Housing Workshop for further direction.
13. Reconsider policies, guidelines, regulations and application/permit procedures for motel properties in the T-1 Zone, Limited Transient Accommodation District to reduce barriers for residential conversions.	LGA, Section 903 Requires amendment to the Zoning Regulation Bylaw including a Public Hearing	<ul style="list-style-type: none">• Low income households• Small households• Persons with special needs	<ul style="list-style-type: none">• Makes use of property for which land use (motel) is becoming outdated• In some cases, would upgrade existing buildings which are already used as housing by some low-income households	<ul style="list-style-type: none">• Few residential amenities in neighbourhood, since typically in commercial or industrial areas/zones• Conversion of motels does not guaranteed affordability to tenants• Some motels are currently used as temporary housing by low income households which could be displaced as a result of this initiative.	<ul style="list-style-type: none">• Should T-1 amendments be considered at a citywide level where T-1 exists or only within certain neighbourhoods e.g. Burnside.	<ul style="list-style-type: none">• Direct staff to reconsider policies and guidelines for potential conversion of motel properties in the Burnside neighbourhood as part of the local area planning process (phase II public engagement).
14. Review and strengthen the Property Maintenance Bylaw and the resources to administer the Bylaw in order to better protect quality of life and promote safe housing conditions for all residents of Victoria. a. Add conditions of tenant/resident quality of life (mold, pests, etc.) to the City's Property Maintenance Bylaw; b. Coordinate actions to	Yes	<ul style="list-style-type: none">• Tenant households	<ul style="list-style-type: none">• Existing property maintenance/standards bylaw is too vague to be enforced• Enhances ability of the City to directly improve tenants' quality of life without having to rely on the Tenancy Board as sole regulator• New maintenance bylaw will be more specific, easier to interpret and enforce• Reduce reliance on electrical/plumbing/building inspectors, provide more power directly to bylaw enforcement	<ul style="list-style-type: none">• Enhanced bylaw will result in more service calls for bylaw officers• Increased cost of employing more officers• Existing bylaw enforcement officers not currently trained to enter premises	<ul style="list-style-type: none">• What specific quality of life issues should the new Maintenance bylaw address, bylaw will require very specific language to be enforceable.	<ul style="list-style-type: none">• Direct staff to update the <i>Property Maintenance Bylaw</i> to improve tenant housing quality.
	Action can be absorbed within current projects or operationalized in 2016					
	Action requires further consideration and reporting back					

Task Force Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
address housing conditions through the City Housing Officer and through reviewing and, where possible, re-prioritized bylaw enforcement resources towards addressing housing quality of life and safety issues.			officers, thus improving cost and administration efficiencies			
15. Streamline development application and permit processes by considering the following: a. Refine the CALUC process by shifting the timing of the “pre-application” CALUC meeting, and instead, allowing it to occur once the application is submitted to the City. This would permit all reviews to happen concurrently so applicants can receive all feedback at once and amend plans once. b. Delegate approval authority to staff for development permit and heritage alteration permit applications that propose affordable housing projects. c. Continue to give priority status to affordable housing applications within the development approval process.	Community Charter, Section 154 (delegation of council authority)	a. All demographic groups b. Low to moderate income households and persons with special needs c. Low to moderate income households and persons with special needs	a. May lead to time savings for applicants, as applicants can receive feedback concurrently. This suggestion was also made at the Development Summit. b. May lead to significant time savings for applicant (estimated 3-4 months reduced to 2-4 weeks). c. Existing practice can continue and process improvements may expedite processing time even further.	a. Change may be most effective as part of a larger review of CALUC process. The purpose of the pre-application meeting was to encourage applicants to respond to community suggestions and concerns, before a formal application is submitted to City. Would need to still encourage meaningful community input before proposal is too far developed. For small projects, limited time savings to applicant. b. Council may wish to be involved in decision-making for design of new housing in complex, sensitive or prominent locations. Staff have proposed that all new buildings and building additions in DPA 16 be delegated to staff. This would include many potential affordable housing development sites. Many affordable housing projects involve rezonings and legal agreements approved by Council, so Council may need to review project anyway. c. N/A.	• Development Summit Action Plan recommends an upcoming review of the CALUC process.	• Direct staff to consider additional delegation authority initiatives for development applications in future years following monitoring and evaluation of the delegation options currently under consideration by Council.
16. Create an inventory of publicly and privately-held lots suitable for affordable infill.	Yes	• Low to moderate income households	• Supports City’s consideration of its own assets and potential for infill housing on underused land (e.g. parking lots, low-density buildings) • Supports conversation and possible partnerships to create affordable and/or mixed income communities on underutilized land. • Potential for innovative forms of	• Limited land base even considering land owned by other government entities.	• N/A	• Examine whether the Strategic Real Estate function for the City could support municipal objectives related to affordable housing.

	Action can be absorbed within current projects or operationalized in 2016
	Action requires further consideration and reporting back

Task Force Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
			homeownership (e.g. land trust, equity co-op) where government or a non-profit entity maintains land ownership.			
17. Designate a City Housing Officer as a lead City liaison for landlords and tenants on housing issues that are within the City's jurisdiction.	Yes	<ul style="list-style-type: none">Tenant households	<ul style="list-style-type: none">Assists in addressing quality of life issues for affordable housing and the enforcement of property maintenance bylaw.Could provide a "one-stop-shop" for Victoria tenants dealing with landlord complaints.	<ul style="list-style-type: none">Position may infringe on issues already handled by the BC Residential Tenancy Office.New position is likely to create increase service calls to the City, would require additional staff resources and funding.	<ul style="list-style-type: none">What service offerings would the Housing Officer provide that differentiates itself from the Residential Tenancy Branch?	<ul style="list-style-type: none">Examine if Housing Officer function can be absorbed within existing staff resources and departmental functions or does this require an additional dedicated staff resource FTE.
18. Investigate opportunities for the City to support the development of affordable ownership programs (e.g. shared equity, non-profit) by hosting a workshop for City staff, housing providers, developers and builders.	Yes	<ul style="list-style-type: none">Moderate income households	<ul style="list-style-type: none">There are many models of entry-level homeownership programs currently being implemented in other cities, from down-payment assistance and shared equity loans, to resale restricted units, land trusts, and equity coops. The City could learn from what works and what doesn't in different contexts.	<ul style="list-style-type: none">While not necessarily a "con", Victoria's built-out land base, location within the region, and development patterns will provide primarily opportunities for ownership within multi-family buildings with limited opportunities for ground-oriented infill (e.g. townhomes). These options will match only some households' preferences for ownership.	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Direct staff to undertake related research and organize a workshop to explore findings.

Year 2 Actions (2017)

Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
19. Contribute land at no cost or at reduced market value for the development of affordable housing projects.	Yes	<ul style="list-style-type: none">Low to moderate income householdsMay create mixed-income communities	<ul style="list-style-type: none">Allows the City to direct location/distribution and types of affordable housing within the cityAllows the City to bank land for the future development of affordable housingPotential for innovative forms of affordable housing including ownership (e.g. land trust, equity co-op)Can maintain long-term control of land and its use as affordable housingThere may be potential to add density while retaining (through redevelopment) current uses at some sites	<ul style="list-style-type: none">If public land is developed, this could disrupt current uses of land (e.g. parking, city offices or facilities)If land is currently leased for other uses (e.g. commercial) may result in loss of rental revenue.May also result in loss of property taxes if Council approves permissive tax exemptions (see item #3)Locations for development are limited by City's current land inventory and ability to acquire further land or partner with existing public or non-profit entities.	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Examine whether the Strategic Real Estate function for the City could support municipal objectives related to affordable housing.

	Action can be absorbed within current projects or operationalized in 2016
	Action requires further consideration and reporting back

Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
20. Create incentives that support converting underutilized or unused spaces above commercial properties into residential use.	Yes	<ul style="list-style-type: none">All demographic groups	<ul style="list-style-type: none">Provide long-term solution to intermittent above-grade vacancies throughout downtown including additional incentives for downtown heritage buildingsProvision of affordable housing within close proximity to the amenities and services of downtown.	<ul style="list-style-type: none">Market value of unused commercial floor area in downtown is high, City incentives/subsidies would be substantialPotential loss of strategically located space for business incubators (high tech)Requires City funding (grant) or tax exemption	<ul style="list-style-type: none">Does Council want to ensure that converted space remains housing over the long term and does not revert to commercial/office uses?Would incentive be tied to affordable housing or market housing?	<ul style="list-style-type: none">Explore options at Council Housing Workshop for further direction.
21. Investigate and implement appropriate incentives (e.g. grants, tax credits, loans and/or loan guarantees, lowered development fees for adding units to existing rental stock) that can assist landlords in maintaining and/or improving affordable market and non-market housing.	Limited ability - Section 25 of the Community Charter prohibits Council from providing any form of grant, benefit, advantage or other form of assistance to a business (e.g. loans, loan guarantee, and tax exemptions).	<ul style="list-style-type: none">Low to moderate income householdsPersons with special needs	<ul style="list-style-type: none">Increases the likelihood of affordable housing units included within redevelopment.Increases the likelihood of higher quality affordable housing and a diversity of affordable housing options within the city.	<ul style="list-style-type: none">Potential loss of revenue (e.g. lowered development fees, tax exemptions) and/or excessive redistribution of tax burden to other ratepayers.	<ul style="list-style-type: none">Does Council want to explore further financial incentives in consideration of the cumulative impact that other potential financial incentives may have on the City's financial capacity or potential impact on tax payers?	<ul style="list-style-type: none">Explore options at Council Housing Workshop for further direction.
22. Consider a variety of innovations such as facility sharing, unbundled parking, land use mix, transit proximity, car-sharing options, and demographic needs and incomes within the scheduled review of Schedule C – Off-Street Parking of the <i>Zoning Regulation Bylaw</i> .	Yes	<ul style="list-style-type: none">All demographic groups	These are all forms of TDM that can be explored through different tools such as policy and zoning. RFP for Schedule C review is currently being prepared.	<ul style="list-style-type: none">If issues arise through review of Schedule C, staff will report back to Council with summary and options.	<ul style="list-style-type: none">Issues may arise following the recommendations of the Schedule C review.	<ul style="list-style-type: none">Explore options at Council Housing Workshop for further direction.
23. Develop policies and procedures for establishing affordable housing agreements that include: a. Consistent and transparent processes; b. Guarantees or protections for the long-term security of tenure and affordability of units; and/or c. Supports for other housing affordability measures (e.g. inclusionary zoning requirements, revitalization tax credits, etc.).	LGA, Section 905	<ul style="list-style-type: none">Low to moderate income householdsPersons with special needs	<ul style="list-style-type: none">Housing agreements are currently utilized to secure housing related amenities as part of rezoning applications and considered at public hearings.The content of housing agreements are not consistent because they are tailored to each particular development proposal (i.e. securing rental for different time periods, like 10 years or in-perpetuity, etc.).Developing a policy for consistent housing agreement standards may provide proponents with more clear guidance and expectations.	<ul style="list-style-type: none">Widespread use of housing agreements required by the City to secure tenure and affordability of rental units may result in lower assessed values, and in turn, may affect mill rates for other areas to make up for the lost revenue.	<ul style="list-style-type: none">Further analysis may be needed to determine if there are any financial implications to the City.	<ul style="list-style-type: none">Explore options at Council Housing Workshop for further direction.
	Action can be absorbed within current projects or operationalized in 2016					
	Action requires further consideration and reporting back					

Recommendations	Confirm City Authority	Population Served	Pros	Cons	Key Considerations to Explore at Workshop	Recommended Next Steps
24. Review the Zoning Regulation Bylaw to ensure it accommodates a variety of housing types (e.g. fee-simple row housing, co-housing, minimum parcel sizes for infill subdivision, etc.) that can be used to achieve greater owner affordability in the housing market.	LGA, Section 903	<ul style="list-style-type: none">Moderate to higher income households	<ul style="list-style-type: none">There may be some existing regulatory barriers that could be addressed related to building siting for fee simple row housing and co-housing typologies (as many common zones were designed to accommodate placement of more traditional housing typologies like single-family dwellings, duplexes and apartment buildings).New zoning categories could be created for fee simple row housing and co-housing to reduce the need for zoning variances.	<ul style="list-style-type: none">It may be challenging to identify specific sites across the city that would be most conducive to fee-simple row housing or co-housing developments given lot reconfiguration (subdivision) or land assembly may be needed.	<ul style="list-style-type: none">Is Council interested in exploring development of a new policy that would encourage favorable consideration of siting variances for fee-simple row housing or co-housing projects if certain criteria were met?	<ul style="list-style-type: none">Update the Zoning Regulation Bylaw to facilitate additional housing capacity and types following local area planning within each neighbourhood.
25. Create a real estate function within the City's administration that can purchase and sell or lease property for the purpose of creating affordable housing.	Yes – direction to establish a real estate function for the City was approved by Council on August 27, 2015	<ul style="list-style-type: none">Low to moderate income households	<ul style="list-style-type: none">City has recently approved a Strategic Real Estate functionPotential to provide land to support affordable housingSee Item #19 regarding provision of land for affordable housing	<ul style="list-style-type: none">See Item #19 regarding provision of land for affordable housing	N/A	<ul style="list-style-type: none">Examine whether the Strategic Real Estate function for the City could support municipal objectives related to affordable housing.

	Action can be absorbed within current projects or operationalized in 2016
	Action requires further consideration and reporting back

Mayor's Task Force on Housing Affordability Recommendations To the Governance & Priorities Committee Meeting of July 16, 2015

Date: July 6, 2015 **From:** Mayor Helps; Councillor Isitt; Councillor Loveday; J. Reilly Senior Planner, Social Issues; Marika Albert, Community Social Planning Council; Brenda McBain, Together Against Poverty Society; Yuka Kurokawa, Together Against Poverty Society; Dylan Sherlock, Community Social Planning Council; Todd Litman, Victoria Transport Policy Institute; Kathy Hogan, Urban Development Institute; Franc D'Ambrosio, D'Ambrosio architecture + urbanism; Peter de Hoog, de Hoog & Kierulf Architects; Gene Miller, New Landmarks; Rob Bernhardt, Bernhardt Contracting; Leonard Cole, Urban Core Ventures; Don Elliott, Greater Victoria Coalition to End Homelessness; Kaye Melliship, Greater Victoria Housing Society; David Hutniak, LandlordBC; Bernice Kamano, Victoria citizen.

Subject: Recommendations from the Mayor's Task Force on Housing Affordability to the Governance & Priorities Committee

Summary

On April 16, 2015, Victoria City Council approved its Strategic Plan for 2015-2018. One of the strategies is *Make Victoria more Affordable*. The cost of housing has been consistently identified as a significant factor that negatively impacts affordability for many residents, particularly those of low to moderate income. In order address the issue of housing affordability, Victoria City Council also approved the creation of the Mayor's Task Force on Housing Affordability.

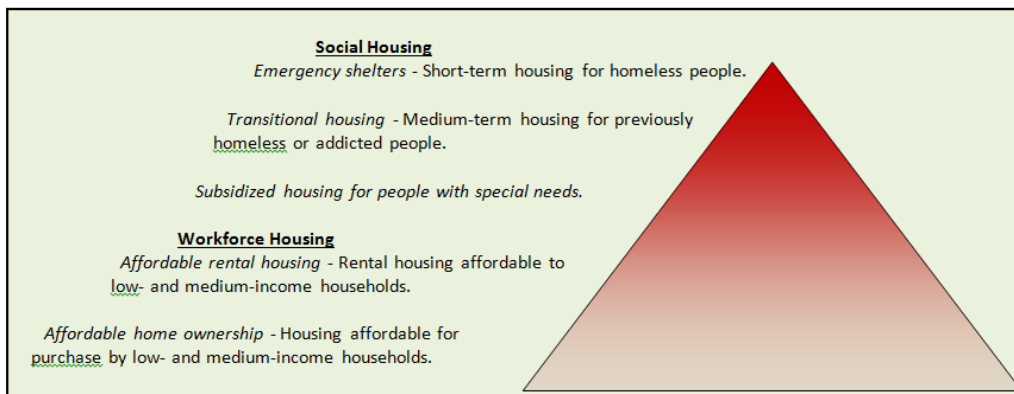
The Task Force is comprised of the mayor, Councillors Loveday and Isitt, planning staff and a range of volunteers from the community. The community members range from those in need of affordable housing, to housing advocates and policy experts, to members of the development community, both for-profit and non-profit. Working together across differences, sectors and perspectives, in two months the Housing Affordability Task Force created a suite of recommendations that it wishes to present to Council for consideration. The report attached in Appendix A was adopted by consensus at the final task force meeting after integrating input received through a town hall meeting and input from the public. (See Appendix B for public engagement summary.)

Recommendation

That Council adopts the suite of recommendations in Appendix A in its entirety and direct staff to implement the actions contained therein in the timeline laid out.

Task Force Scope

The Task Force was mandated by Council to identify solutions that could help increase the supply of new units of low-cost housing, defined as a unit that a person earning minimum wage or receiving a pension could afford to live in. Concerned for issues of housing affordability among other low to moderate income households, Task Force members agreed to also identify solutions that could contribute to the development of housing that meets the affordability needs of households in Victoria that fall within the middle two income quartiles as defined by Statistics Canada (\$18,147 to \$57,772 per annum). The Task Force members also agreed to examine potential solutions that could achieve greater affordability in both non-market and market housing developments. Visually depicted, the Task Force focussed on the bottom of the pyramid depicted here. Social housing and supportive housing were outside the ambit of the Task Force mandate and have been addressed by Council in the Housing Action Plan adopted by Council earlier in the year.



Principles

1. Right to Housing

All people deserve access to housing that is safe, stable and affordable and that supports personal and public health. The availability of a diversity of housing types across the housing spectrum that can accommodate people of different ages, incomes, household structures, and physical and social needs is one of the fundamental elements of creating and maintaining a healthy, inclusive and more sustainable community. (City of Victoria OCP pg 94)

2. City Hall has a role to play

While the responsibility for housing has fallen traditionally within the jurisdiction of the provincial and federal governments, the City of Victoria can and should take a leadership role and use the tools within its toolbox in innovative and creative ways to immediately increase the availability of low-end of market affordable housing. City Hall can do this by both building capacity and reducing barriers to the provision of affordable housing by both non-profit and for-profit housing developers.

Goals and Targets

1. Increase Overall Housing Supply in City

- The City of Victoria Official Community Plan (OCP) identifies the need for 12,190 apartments and 2,361 ground-oriented units to be added to the City's stock of housing between 2011 and 2041. This means that an average of 485 new units of housing will need to be built per-year to accommodate the projected population increase of 20,000 new residents.

Eighty per cent of that growth is anticipated in the downtown core area as well as areas within and around large urban villages and town centres. Current policies and objectives within the Downtown Core Area Plan (DCAP) and the OCP anticipate denser housing development in these areas. Task Force members have agreed that recommendations for increasing density options in order to stimulate more affordable housing development should be accomplished through the density provisions of the OCP and DCAP.

- Currently, 59% of Victoria households are renters and 41% are homeowners. Renting proportions are expected to decline to 55% of all households renting by 2041.

2. Have a Minimum of 19% of New Housing Units Built as Affordable

- Using recent BC Non-Profit Housing Association research projections, the Task Force has further determined affordable housing needs. Table 1 provides a summary of the number of units required to meet future affordability needs within the second and third income quartiles.

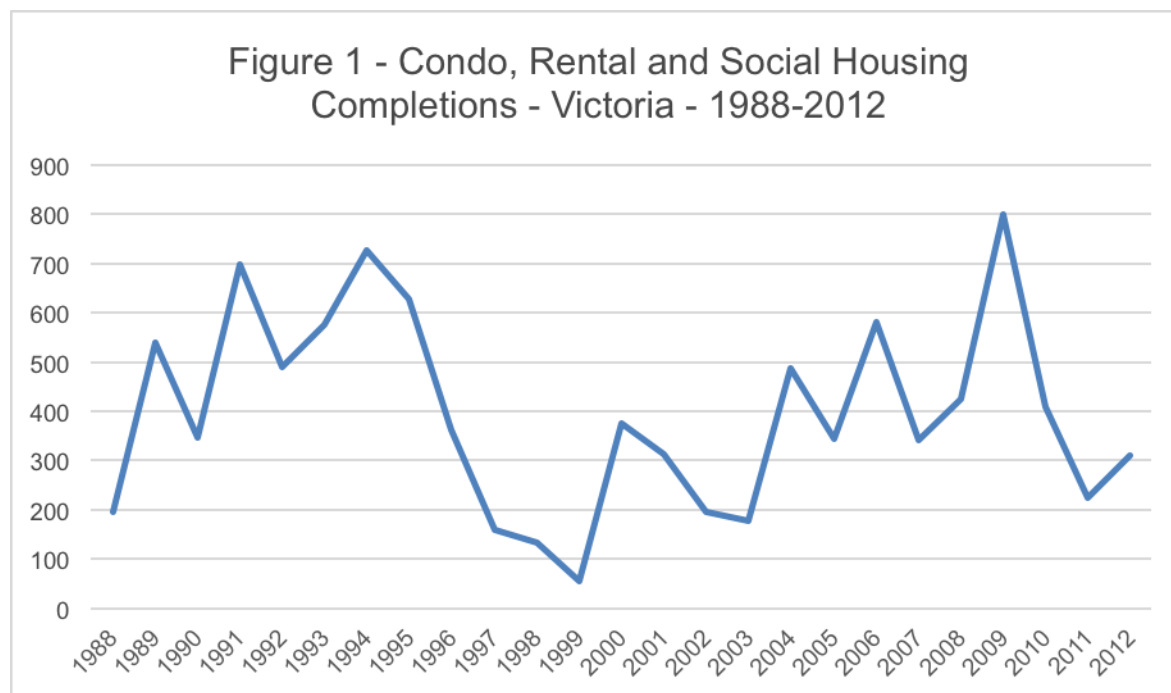
The Task Force recommends that the City focus on interventions that can help achieve Level 2 and 3 targets. Task Force members acknowledge that additional housing options are needed to support households within the first income quartile, but the interventions necessary are beyond the capacity of the City, on its own, to fully implement. The City will explore opportunities to partner with other levels of government as well as stakeholders in the non-profit and private sector to identify and, where possible, implement solutions.

- Using the anticipated change in the proportion of owners to renters over the next 30 years, it is reasonable to anticipate that there will be need to develop between 36 and 39 affordable homeownership units each year in the City.
- Combining rental and homeownership totals suggest that about 18.8% of new development be targeted to households within the scope of the Task Force (see Table 1).

Table 1 – Affordable Housing Targets

Quartile	Target Household Income	Housing Type	Units Needed		Rental/Price Range
			Total	Per Year	
2	\$18,147 - \$35,647	Low End Market Rental	1,319 to 1,382	44 to 46	\$454-\$891
3	\$35,648 - \$57,771	Near Market Rental	243 to 255	8 to 9	\$892-\$1,444
		Affordable Ownership	1,092	36 to 39	\$120,000-\$250,000
Total			2,654 to 2,729	88 to 94	

- Because the number of new units of housing completed each year fluctuates widely (see Figure 1 below), it is recommended that success be measured as a proportion of all new units built in a given year and not be tied to a specific number of units being built each year. Progress toward achieving these targets will be reviewed every 5 years.



Source: CMHC

3. Generate and Allocate Additional City Revenue to Affordable Housing

- City Council maintain a strong commitment to contributing to the Victoria Housing

Reserve Fund at a level that supports the development of an adequate number of affordable housing units to meet existing and emerging demand.

- Where possible, generate additional revenue through the sale or redevelopment of existing land.

4. Create Places where Everyone Wants to Live through Urban Planning Principles

- Good urban design does not emerge from public consultation. Public input works as part of the information-gathering phase followed by analysis and then leads to the synthesis into a design. Qualified and skilled designers should be made responsible and expected to produce 'good public places' with the public good in mind. This is to be expected and not an add-on. Too much effort and resources are spent on repetitively soliciting public opinion and thereby abdicating a role of civic leadership to obtain the best design from the best and most expert, creative, humanistic and public-spirited designers. The City must find a way to budget for design of the public realm as a priority, to create a more livable and resilient city for all citizens.

Housing Types

Task Force members suggested that the City consider a range of housing types when examining potential solutions to housing affordability, including:

- Small-lot single-family housing. Stand-alone houses on 2,000 to 4,000 square foot lots.
- Multiplex. 2 to 10 units developed in existing residential areas, often single-family house conversions.
- Accessory units (also called secondary suites or granny flats). Self-contained units with separate entrances, kitchens and bathrooms.
- Garden suites or laneway houses (also called garage conversions). Small houses adjacent to a main house, sometimes above or replacing garage.
- Townhouses (also called rowhouses or attached housing).
- Low-rise (2-6 story) apartments, used for either rentals or owner-occupied condominiums.
- Additional floors added to existing buildings.
- Micro-apartments (apartments less than 500 square feet).
- Residential over commercial, Apartments above a commercial space.
- Industrial or commercial building conversions to residential uses, such as loft apartments.
- Housing developed on underused parking lots.
- Older motels and hotels converted to apartments.

Themes

Throughout the discussions and deliberations of the Task Force, the members identified two key themes:

- Increase the City of Victoria's capacity to support development of affordable housing.
- Remove municipal barriers to the development of more affordable housing options.

Under the umbrella of these two themes, the following report presents the Task Force's recommendations as well as the rationale provided by Task Force members to support implementation of the recommended actions. The report also identifies each recommendation within a three-year time frame within which the recommendations are to be implemented.

Recommendation

That Council adopts the suite of recommendations in Appendix A in its entirety and direct staff to implement the actions contained therein in the timeline laid out.

Respectfully Submitted,



Mayor Helps



Councillor Loveday



Councillor Isitt

Appendix A
Mayor's Task Force on Housing Affordability
Action Plan

Year 1 – 2016	Increase the City of Victoria's capacity to support the development of affordable housing
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1. Municipal Fees

Rationale

Fixed costs and fees represent a larger share of total costs for smaller projects and lower-priced housing. For example, a planning requirement such as a traffic study, a design requirement such as an elevator, or a development fee of \$10,000 per unit, may significantly increase the retail price of small and inexpensive housing projects. These types of costs can significantly reduce the potential that affordable infill housing can be built, but, at the same time, are likely to have little impact on the final price of more expensive housing being built in larger projects. Governments can minimize such costs and provide discounts and exemptions for lower-priced infill housing by exempting such projects from traffic studies, expensive design requirements (e.g., elevators) and development fees.

Recommendation

Minimize and prorate fees for affordable housing projects.

2. Density Options

Rationale

Allowing additional density provides an immediate opportunity for developers to build more units on a single parcel of land, potentially allowing for a lower per-unit land cost and thus contributing to overall unit price. This approach supports compact, affordable, infill development while preventing land value increases that would otherwise result if increased density were allowed for higher priced housing units. The Official Community Plan and the Downtown Core Area Plan identify key areas of the city where increased density is envisioned, however, the Zoning Regulation Bylaw has not been updated to reflect these policy frameworks. A new Downtown Zoning Bylaw is in the process of being prepared which will implement the Downtown Core Area Plan into zoning regulations, however, this is currently focused on the Central Business District as phase I. At present, rezoning applications are required to seek additional density consistent with City policy.

Recommendation

Update the *Zoning Regulation Bylaw* to reflect the densities envisioned within the OCP to facilitate additional housing capacity.

3. Inclusionary Zoning

Rationale

Affordable housing mandates (also called Inclusionary zoning) require that a portion of new housing units (typically 10-20%) be sold or rented below market prices, or developers contribute to an affordable housing fund. (See Appendix 3 for a more detailed description of Inclusionary Zoning). This helps create affordable housing as communities grow, and if required of all developers, these costs are partly capitalized into land values, minimizing the burden on individual developers or governments. In the right housing market conditions, inclusionary zoning can also help stimulate the development of housing units that are affordable for low to moderate income households. A variety of approaches to inclusionary zoning exist, each of which should be examined prior to being considered for use within the City's housing market.

Year 1 – 2016	Increase the City of Victoria's capacity to support the development of affordable housing
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Recommendation

Direct City staff to report to Council with recommendations on implementing inclusionary zoning as a way to support the development of more affordable housing.

4. Using Public Land for Affordable Housing Development

Rationale

Many municipalities purchase, keep an inventory and subsequently use land to help foster the development of more affordable housing. The City of Victoria is a compact, mostly-urban city located within a regional network of other municipalities. Because the City does not hold a large amount of property that would be eligible for development or redevelopment into housing, it may be more productive for the City to work with other public bodies such as the provincial government and school districts to identify an inventory all the publicly held land suitable for residential development.

Recommendation

Create an inventory of publicly and privately-held lots suitable for affordable infill.

5. Grants to Support Affordable Housing Developments

Rationale

Over the past decade, the City of Victoria Housing Reserve Fund has provided grants to developers who have committed, through a housing agreement registered on title, to build and operate housing projects affordable to low and moderate income households. Since its creation, the Fund has provided \$5.8 million in grants to support the creation of 80 emergency shelter beds, 232 supportive housing units and 426 affordable rental housing units. Recently, non-profit providers have expressed concerns that the \$10,000 per unit cap on grants may soon limit the ability of developers to build units that can meet the definition of the City's low to moderate income levels.

Recommendation

Review the Victoria Housing Reserve to determine:

- **Whether there is a need to increase the \$10,000 per unit amount limit allocated to affordable housing developments, and**
- **Consider the option of introducing a per-bedroom allocation to encourage the development of larger units.**

Year 1 – 2016	Increase the City of Victoria's capacity to support the development of affordable housing
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6. Victoria Housing Reserve Fund Capacity

Rationale

The Victoria Housing Reserve Fund is currently independently managed by City staff and City Council approves each application. There are other grant providers within the region, including the Capital Regional Districts Housing Trust Fund, United Way, Victoria Foundation and Vancouver Island Community Investment Fund. The City may be able to leverage additional funding for affordable housing development through cooperative agreements with these organizations that set out terms governing the co-management of these funds.

Recommendation

Investigate options to expand the capacity of the Victoria Housing Reserve through alternative financing mechanisms.

7. Permissive Tax Exemptions

Rationale

Section 224 of the Community Charter allows municipalities in BC to grant permissive tax exemptions to charitable, philanthropic and non-profit corporations on land that is owned by that organization and is used for a purpose that Council considers to be directly related to the purposes of the organization. In the past, the City has provided non-profit developers with 10-year permissive tax exemptions for the development of affordable rental housing. Currently the City only grants permissive tax exemptions to some organizations that provide supportive housing. When the City grants these exemptions, the lost revenue is collected by increasing the amount paid by other tax paying entities in the municipality.

Recommendation

Provide permissive tax exemptions to charitable, philanthropic and/or non-profit corporations that currently own or that build affordable housing in the city.

8. Converting Motel Properties to Residential Use

Rationale

Over the past fifteen years a number of motel properties throughout the City have become non-viable within transient-occupation-only zones. Through site-specific rezoning and development permit approvals, a number of these properties have been successfully converted to residential rental uses, some at the high end of the rental spectrum and others at more affordable levels. A review of currently existing T-1 zoned properties has identified a range of former motel properties, some of which may be able to be converted to residential use. (See Appendix 1). The City has options with respect to how to expedite conversions. It could, amend the T-1 zoning regulations to permit residential use, create a general conversion bylaw that offers this opportunity to all properties currently operating as motels, or provide expedited processing to those rezoning applications for motel conversions that fit within the OCP place designations. Should the City consider amending the T-1 zoning regulations or introducing a conversion bylaw for motels, it will be important to also introduce design guidelines and advisory design approval processes that ensure these buildings are developed to a standard that works for the City and surrounding properties in the long term.

Year 1 – 2016	Increase the City of Victoria's capacity to support the development of affordable housing
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Recommendation

Reconsider policies, guidelines, regulations and application/permit procedures for motel properties in the T-1 Zone, Limited Transient Accommodation District to reduce barriers for residential conversions.

9. City Liaison on Landlord Tenant Issues

Rationale

Responding to tenant issues from the community related to matters within the City's property maintenance bylaws is currently the responsibility of the City's Bylaw Services section. Bylaw Services currently coordinates the RESPOND (Reacting Effectively to Solve Problems in Our Neighbourhoods and the Downtown) team, which includes a broad partnership of organizations and authorities who work together to encourage local landlords to operate appropriate rental properties and, when necessary, use progressive enforcement practices to improve housing conditions. The team currently includes staff from Bylaw Services, Victoria Fire Department, Victoria Police Department, Building and Inspections, Animal Control and Island Health. There is evidence that the team could use additional resources and staff to: review existing regulatory tools, research and develop new regulatory frameworks as well as coordinate actions to address housing conditions and to work proactively with landlords to address problematic behaviours, improve housing conditions and promote high quality of life and safety standards.

Recommendation

Designate a City Housing Officer as a lead City liaison for landlords and tenants on housing issues that are within the City's jurisdiction.

10. Property Maintenance Standards

Rationale

According to BC Assessment data, in 2013 there were an estimated 16,569 purpose built rental housing units in 514 properties located within the boundaries of the City of Victoria. Nearly 70% of these units were built between 1950 and 1975 under a series of Federal tax measures and construction incentives. Much of the remainder of the purpose built stock was built prior to 1950. Local social service organizations and tenant advocates have expressed concerns about the physical quality of the older rental stock.

The challenges for maintaining existing rental housing stock are twofold. Small margins and inflationary costs place pressures on landlords that act as a disincentive to long-term investment. Low-income tenants often face poor housing conditions with little to no recourse and lack security of tenure when renovations occur ("renovictions"). The recommendations of the Task Force are based on a common vision of an inclusive, quality of life-focused approach to housing in which the bad operators are held accountable and landlords who are contributing to long-term affordable housing stock in the City are rewarded.

With this in mind, the Task Force is suggesting that the City explore the potential to strengthen its ability to intervene when housing conditions threaten the quality of life and well-being of tenants. A number of BC municipalities have introduced stronger standards of maintenance requirements within existing bylaws or introducing new regulatory tools that promote improved housing conditions.

Year 1 – 2016	Increase the City of Victoria's capacity to support the development of affordable housing
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Recommendation

Review and strengthen the Property Maintenance Bylaw and the resources to administer the Bylaw in order to better protect quality of life and promote safe housing conditions for all residents of Victoria.

- **Add conditions of tenant/resident quality of life (mold, pests, etc) to the City's Property Maintenance Bylaw.**
- **Coordinate actions to address housing conditions through the City Housing Officer and through reviewing and, where possible, re-prioritized bylaw enforcement resources towards addressing housing quality of life and safety issues.**

11. Affordable Home Ownership

Rationale

According to the 2015 Demographia International Housing Affordability Survey, Victoria is the second least affordable housing market in Canada, based on a ratio of median income to median home value. While homeownership is not appropriate for all, for some working families, affordable homeownership can offer a long-term path of equity building towards middle-class security. Beyond macro policy shifts such as enabling greater density, the City can also take steps to help introduce the concept of affordable home ownership in Victoria. There are several non-profit and municipally-based organizations working in other cities and provinces to develop and sell below market ownership housing to qualified residents. Hosting a workshop where some of these organizations could present their programs to City staff, housing providers, developers and builders would provide the opportunity to explore the potential to implement similar programs in Victoria and to establish the networks necessary to creating partnerships among organizations that have the capacity and mandate to develop affordable home-ownership programs.

Recommendation

Investigate opportunities for the City to support the development of affordable ownership programs (e.g., shared equity, non-profit) by hosting a workshop for City staff, housing providers, developers and builders.

Year 1 – 2016	Remove Barriers to the development of more affordable housing options
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1. Development Application Process

Rationale

The general theme underlying this recommendation is to streamline applications proportionate to project scale (i.e. smaller projects to get through faster to encourage small-scale typologies with criteria that perform more affordably). To the developer time is money; hence any chance to expedite an application presents potential cost savings for a development.

New approaches to processing development applications could allow for City staff review of a proposed project prior to the mandatory CALUC meeting. This kind of approach, wherein staff and the community CALUCs review the application either simultaneously or in short succession of one another, would allow for the more timely processing of applications and eliminate the possibility that the applicant will have to amend their plans twice before the project entering the formal approval process. Thresholds should be established to determine the type and size of projects that would qualify for this streamlining.

Requiring Council approval for some development permit and heritage alteration applications adds a significant amount of time to the process of moving a project to the construction stage. In some cases it may be possible to delegate more authority for specific applications to City staff.

The City could also consider expediting all types of development applications and permits that meet criteria for affordable housing (currently, the City expedites non-profit affordable housing projects – this would expand the scope). Criteria could be established based on characteristics which lend themselves to more affordable forms of housing (e.g., construction type, unit sizes below a certain threshold, no vehicle parking provided, etc.).

Recommendation

Streamline development application and permit processes by considering the following:

- 1. Refine the CALUC process by shifting the timing of the “pre-application” CALUC meeting, and instead, allowing it to occur once the application is submitted to the City. This would permit all reviews to happen concurrently so applicants can receive all feedback at once and amend plans once.**
- 2. Delegate approval authority to staff for development permit and heritage alteration permit applications that propose affordable housing projects.**
- 3. Continue to give priority status to affordable housing applications within the development approval process.**

2. Development Cost Charges

Rationale

The assessment of Development Cost Charges constitutes an essential component of assuring that the costs the City incurs in order to support development are adequately provided for by the developer. Section 933.1 of the BC Local Government Act allows for the reduction or waiver of development cost charges for new non-profit and for-profit affordable rental housing projects. The grants provided through the Victoria Housing Reserve Fund were introduced in order to offset these costs for non-profit affordable housing developments.

Year 1 – 2016	Remove Barriers to the development of more affordable housing options
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Waiving these costs for both non-profit and for-profit affordable housing projects could allow operators to provide units at lower rent levels or at a lower purchase price. Affordable rents and/or purchase prices could be secured in a housing agreement that the City would register on title.

Recommendation

Waive development cost charges (DCCs) for affordable housing projects where applicants are willing to enter into a Housing Agreement.

3. Minimum Unit Sizes

Rationale

Some of the multi-unit and commercial-residential mixed use zones within the Zoning Regulation Bylaw as well as the Conversion Guidelines – Transient to Residential Accommodation set minimum unit sizes at 33 square meters (approximately 335 square feet). Allowing for smaller, more compact units within developments provides the potential for developers to reduce construction costs and allow more units within a given development. Removing this restriction would promote innovation while continuing to allow the City to ensure these buildings are developed to a standard that works for the City and the surrounding properties in the long-term.

Recommendation

Remove the minimum unit size requirements for multi-unit residential zones within the *Zoning Regulation Bylaw* and within the *Conversion Guidelines – Transient to Residential Accommodation*.

4. Housing Conversions

Rationale

Schedule G of the City of Victoria's Zoning Regulation Bylaw provides the regulations related to the conversion of existing single detached houses into multi-unit developments. Over the years, many large homes have been successfully converted into multi-unit developments. The objectives of the conversion bylaw include allowing additional density in single detached neighbourhoods and potentially creating more affordable housing by retaining and repurposing older housing stock. Currently, regulations restrict developments on the basis of housing type and the year the house was built. There are also restrictions on the number of units allowed within a given property based on the dwelling's habitable floor area. There may be opportunities to amend the regulations to increase the number of homes that would be eligible for conversion. This could include:

- Adding apartment buildings as a housing type, (*this may also be addressed through recommendation #3 eliminate minimum unit sizes)
- Allowing conversions of buildings on smaller and narrower lots,
- Allowing the conversion of single detached houses built after 1931 into multiple dwellings,
- Increasing the maximum number of self-contained dwellings allowed within each size category, or
- Removing or reducing the minimum floor area requirements.

Year 1 – 2016	Remove Barriers to the development of more affordable housing options
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Recommendation

Amend *Schedule G – House Conversion Regulations* of the *Zoning Regulation Bylaw* to better facilitate conversion of single detached housing units to multi-unit residential buildings.

5. Parking Requirements

Rationale

The provision of parking units to support residential housing development adds a significant cost to construction. An individual unit of parking can cost a developer between \$25,000 and \$45,000, with this cost generally passed on to the prospective tenant or owner of the unit. There is evidence that demand for parking units is declining among residents of multi-unit developments, particularly those within affordable rental projects. Based on parking study evidence presented as part of recent development applications for two affordable rental housing projects, City Council approved parking ratios of 0.57 and 0.30 parking units per unit of housing. Reducing the levels on some specific housing types could yield affordability benefits. At the same time, the City can require that transportation demand management strategies be used to help reduce motor vehicle use through the introduction of car sharing programs and measures that support the use of more active transportation options (e.g., walking, cycling).

The City is about to commence review of *Schedule C – Off Street Parking* of the *Zoning Regulation Bylaw*, which will include a review and recommendations for changes to off-street parking requirements for various types of developments. In the interim, some immediate reductions in required parking levels would help reduce development costs and improve the capacity of developers to create more affordable housing units.

Recommendation

Reduce parking requirements within *Schedule C – Off-Street Parking* of the *Zoning Regulation Bylaw* as per the table below:

Building Class	Recommended Number of Parking Spaces Per Unit
Buildings converted to housekeeping units	0.5
Buildings converted to rooming houses or boarding houses	0.5
New buildings containing housekeeping units or rental apartments	0.5
Buildings converted to multiple dwellings in zones other than a multiple dwelling zone, both for rental and strata buildings	0.5 for any building containing more than 3 dwelling units
Buildings containing residential use in the CA-3, CA-4 and CA-5 zones	0.5
Buildings containing residential use in the C1-CR zone	0.8

Year 1 – 2016	Remove Barriers to the development of more affordable housing options
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Multiple dwellings located in R3-1, R3-2 and other zones	0.8
Multiple dwellings subject to strata title ownership in R3-1 zones	0.8
Multiple dwellings subject to strata title ownership in R3-2 and other zones	1.0
Rental attached dwelling	0.8
Condominium attached dwelling	1.0

6. Garden Suites - Rezoning

Rationale

Garden suites provide the opportunity for home owners to create an additional unit of housing in order to accommodate a family member or as a rental unit available to the public. Although these units often rent close to market rates, they do provide the opportunity for families to share the costs of homeownership and, while adding additional rental housing stock to the existing market, can provide a household with additional rental income to help make home ownership more achievable. Currently the City requires that all Garden Suite applications be subject to a rezoning application. This adds time and additional costs within the development process. To date the City has received very few applications for Garden Suites. Removing this requirement could potentially increase the number of suites built.

Recommendation

Amend the *Zoning Regulation Bylaw* to permit garden suites in single-family zones and amend the *Garden Suite Policy* as necessary.

7. Garden Suites – Prohibition on Secondary Suite Properties

Rationale

The Garden Suite Policy currently prohibits the development of a garden suite on any property that also contains a secondary suite. Allowing the development of garden suites on properties that also contain secondary suites would allow for added density within areas where single detached housing predominates. This action could achieve objectives similar to those associated with removing the rezoning requirement for garden suites.

Recommendation

Amend the *Zoning Regulation Bylaw* to permit garden suites on properties with secondary suites and amend the *Garden Suite Policy* as necessary.

8. Secondary Suite Size Restrictions

Rationale

Currently Schedule J – Secondary Suite Regulations of the Zoning Regulation Bylaw sets limits on the size of a secondary suite and prohibits the development of a suite within a dwelling that has undergone the following exterior changes within the 5 years prior to the secondary suite application:

Year 1 – 2016	Remove Barriers to the development of more affordable housing options
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- An extension to the building that creates more than 20 square meters of enclosed floor area, including a dormer;
- Raising the building more than 0.6 meters in height; and
- The addition of steps and an entranceway more than 1.5 meters in height.

Allowing the expansion of an existing dwelling, particularly when it is located on a larger lot, and allowing the secondary suite to be bigger than regulations currently allow would allow owners of dwellings built between 1932 and 1972 to add a larger secondary suite that could accommodate a small family. This action could also achieve objectives similar to those associated with removing the rezoning requirement for garden suites

Recommendation

Amend *Schedule J – Secondary Suite Regulations of the Zoning Regulation Bylaw* by eliminating the minimum size requirement and the restriction on dwellings that have been renovated in the past five years.

Year 2 – 2017	Increase the City of Victoria's capacity to support the development of affordable housing
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1. Innovations in Parking Requirements

Rationale

The City of Victoria is about to commence a review of Schedule C – Off-Street Parking of the Zoning Regulation Bylaw. Parking demands and options for transportation demand management being used by developers have changed substantially since the last review of the regulations (see Appendix 2).

As well, unbundling parking from housing units has the potential to reduce costs for the renter or buyer. Parking unbundling means that parking spaces are rented separately from building spaces. For example, rather than paying \$1,000 a month for an apartment with two “free” parking spaces, residents pay \$800 per month for an apartment plus \$100 for each or any of the parking spaces they wish to use. In this way renters are not forced to pay for parking spaces they do not need and will not use. This is particularly appropriate for affordable-accessible housing since lower-income occupants tend to own fewer than average vehicles. This reduces development costs and encourages households to reduce their vehicle ownership, which can help reduce traffic problems.

The Task Force recommends that these trends and new approaches inform the current review of Schedule C.

Recommendation

Consider a variety of innovations such as facility sharing, unbundled parking, land use mix, transit proximity, car-sharing options, and demographic needs and incomes within the scheduled review of *Schedule C – Off-Street Parking* of the *Zoning Regulation Bylaw*.

2. Using City Owned Land

Rationale

In the past, the City has provided land to support the development of affordable housing. The projects supported have ranged from affordable townhouse units within a cooperative housing project to an emergency shelter for homeless people. Under current law, the City can donate land or enter into long-term lease agreements with organizations that commit to providing affordable housing. The City can also enter into land swaps with other public institutions or the private sector and use those properties for affordable housing purposes.

Recommendation

Contribute land at no cost or at reduced market value for the development of affordable housing projects.

3. City-based Real Estate Function

Rationale

The City currently employs one staff in the role of Property Manager. Should the City wish to consider becoming more active in acquiring and using property to support the development of more affordable housing, it would be prudent to consider allocating additional resources and developing operational guidelines to support a real estate function within its

Year 2 – 2017	Increase the City of Victoria's capacity to support the development of affordable housing
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administration.

Recommendation

Create a real estate function within the City's administration that can purchase and sell or lease property for the purpose of creating affordable housing.

4. Incentives to Utilize Underdeveloped Space

Rationale

The City currently provides grants to property owners to upgrade heritage buildings to improve their performance in a significant seismic event. In many cases, these grants have been used in combination with other incentives for heritage reuse and rehabilitation (e.g. density bonus, tax incentive program) to help develop residential units above existing commercial spaces in heritage buildings, particularly in the downtown area. The City still has a substantial inventory of space above commercial properties that is undeveloped. There are other incentives that could possibly encourage existing property owners to convert underutilized and unused spaces above commercial properties into residential units. Possible incentives should be investigated and, where appropriate, implemented.

Recommendation

Create incentives that support converting underutilized or unused spaces above commercial properties into residential use.

5. Incentives to Maintain Existing Properties

Rationale

Since the elimination of the Federal Residential Rehabilitation Assistance Program (RRAP), rental property owners have access to very few resources that can assist in the improvement of existing properties. A Revitalization Tax Credit that would incentivize landlords by allowing partial write-off of major capital investments could help extend the life of units that are currently more affordable. This could also help improve the quality of housing for tenants. Tax credits could be tied to Affordable Housing Agreements that includes assurances that existing tenants will continue their tenancy during and after renovations are completed. Credits should not be used to subsidize the cost of meeting basic standards of repair.

Where possible and appropriate, applying reduced charges for development and building permits as well as licensing fees could be used to help encourage non-market and market affordable housing providers to add units to their existing properties.

Recommendation

Investigate and implement appropriate incentives (e.g. grants, tax credits, loans and/or loan guarantees, lowered development fees for adding units to existing rental stock) that can assist landlords in maintaining and/or improving affordable market and non-market housing.

Year 2 – 2017	Increase the City of Victoria's capacity to support the development of affordable housing
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6. Housing Agreements

Rationale

Currently the City uses Housing Agreements to ensure that new strata units are not restricted from being rented within the secondary rental market. It also uses Housing Agreements to secure rental affordability levels on properties where Victoria Housing Reserve Fund Grants have been used to build affordable housing units. There has been a recent increase in applications to build rental-only multi-unit housing. In some cases, developers are seeking to secure short-term (10 year) rental-only covenants on strata-titled properties. This may secure rental units in the short-term, but does not guarantee that units will remain rental into the long-term, potentially compromising tenant security.

Recommendation

Develop policies and procedures for establishing affordable housing agreements that include:

- **Consistent and transparent processes;**
- **Guarantees or protections for the long-term security of tenure and affordability of units; and/or**
- **Supports for other housing affordability measures (e.g. inclusionary zoning requirements, revitalization tax credits, etc.).**

Year 2 – 2017	Remove Barriers to the development of more affordable housing options
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1. Zoning Regulations

Rationale

The City's Zoning Regulation Bylaw is decades-old and has been amended over the years as a result of rezoning applications and City-led improvements to fix issues. However, a comprehensive review of the entire bylaw using a housing affordability lens has not occurred to determine if other regulatory barriers to affordable housing exist beyond those recommended in this report.

Recommendation

Review the *Zoning Regulation Bylaw* to ensure it accommodates a variety of housing types (e.g. fee-simple row housing, co-housing, minimum parcel sizes for infill subdivision, etc.) that can be used to achieve greater owner affordability in the housing market.

Appendix 1


Potential Motel Conversions to Residential in Victoria

City of Victoria

Status	Motel Name	Address	Units	Current Zoning	Residential Permitted In Zone	OCP Designation	OCP Amendment Required?
Under Renovation	Traveller's Inn	626 Gorge Rd	26	R-70	YES	Urban Residential	NO
	Traveller's Inn	3025 Douglas St	UK	T-1	NO	General Employment	YES
	Dalton	759 Yates St	105	CA-4	YES	Core Business	NO
Operating as Motel	Scotsman Inn	474 Gorge Rd	UK	T-1	NO	General Employment	YES
	Robin Hood	136 Gorge Rd	UK	T-1	NO	Urban Residential	NO
	Castle Inn	133 Gorge Rd	UK	T-1	NO	Urban Residential	NO
	Mayfair	650 Speed Ave	UK	T-1	NO	Urban Residential	NO
	Strathcona	919 Douglas St	UK	CA-22	YES	Core Business	NO
	Hotel 760	760 Queens Ave	UK	C1-N-Q	NO	Core Employment	NO
	Ocean Island Inn	791 Pandora Ave	UK	CA-4	YES	Core Business	NO
	Super 8	2915 Douglas St	60	T-1	NO	General Employment	YES
	Tally-Ho	3020 Douglas St.	UK	T-1	NO	General Employment	YES
	Capital CityCenter	1961 Douglas St.	84	T-1	NO	Core Employment	NO
	Plaza	603 Pandora Ave	UK	CA-70	YES	Core Historic	NO
Vacant	Crystal Court	701 Belleville St	UK	T-1	NO	Core Inner Harbour	NO







 No rezoning or OCP amendment required to operate as residential

 Requires rezoning

 Requires OCP amendment and rezoning

Appendix 2

Onsite Parking + Impacts on Affordability
www.portlandoregon.gov/bps/article/420062

Cost of Onsite Parking + Impacts on Affordability										
Development Prototype		# of Units	# of Parking Spaces	Parking Spaces per Unit	% of Ground Floor used for parking	Parking Cost as a Percentage of Total Construction Cost	Construction Cost	Potential Monthly Rental Range (\$50 sq ft apartment)*	Monthly Rent Increase as a percentage above No Parking Development Prototype	
No Parking				0	0%	0%	4.3 M	\$800 - \$1,150	-	
A building with no parking is able to utilize the full capacity of the development on the site (factoring in assumptions outlined in Methodology). In this scenario fifty units and zero parking spaces are constructed.										
A		50	0							
Tuck-Under					0.25	33%	4%	4.3 M	\$850 - \$1,200	6%
A building with tuck-under parking is able to utilize nearly all development capacity, with a loss of 5 residential units. In this scenario 45 units and 9 parking spaces are constructed. There is a moderate rental rate increase associated with this scenario to accommodate the cost associated with providing tuck-under spaces and loss of potential residential units.										
B		45	9							
Surface					0.6	47%	2%	2.8 M	\$1,200 - \$1,800	50%
A building with surface parking is able to utilize 50 percent of development capacity. In this scenario 30 units and 19 parking spaces are constructed. There is a rental rate increase associated with this scenario to accommodate for the opportunity cost associated with not producing 20 units.										
C		30	19							
Podium					0.5	66%	10%	4.3 M	\$950 - \$1,350	19%
A building with podium parking utilizes 75% of the ground floor to provide parking. In this scenario 42 units and 22 parking spaces are constructed. There are negative impacts to ground floor activity and street frontage which may have a direct impact on surrounding businesses, pedestrians, and street character due to additional curb cuts and loss of continuous storefront/first floor character.										
D		42	22							
Mechanical					0.5	40%	22%	5.4 M	\$1,175 - \$1,660	47%
A building with mechanical parking utilizes 40% of the ground floor to provide parking. In this scenario 46 units and 23 parking spaces are constructed. Mechanical parking is a space-efficient parking alternative as it stacks parking spaces with the aid of mechanical systems. As a result, more parking spaces can be constructed in a smaller space; however, it adds significant cost, at \$45,000 a space.										
E		46	23							
Underground					0.75	20%	28%	6.5 M	\$1,300 - \$1,900	63%
A building with underground parking is challenged given the limitations of the 10,000 sq foot lot. The practicality of producing underground parking is challenged given the short bay width (less than 100') and limitations to circulation between levels. In this scenario 44 units and 33 parking spaces are constructed. The rental increase can be attributed directly to the cost of providing underground parking at a cost of \$55,000 a space.										
F		44	33							

Housing Unit

Housing Unit w/Parking Space

Housing Unit Not Built as a result of providing parking

• Based on Results of Emission Tomorrow Return on Investment Model & Analysis.

• Developments with a Return on Investment of 7 to 10% are reported.

 Housing Unit
 Housing Unit w/ Parking Space
 Housing Unit Not Built as a result of providing parking

* Based on Results of Envision Tomorrow Return on Investment Model & Analysis.
 * Developments with a Return on Investment of 7 to 10% are reported.

Inclusionary Zoning

Definition

The process whereby a municipality, by ordinance, sets forth a minimum percentage of units to be provided in a specific residential development as affordable to households at particular income levels.

Goals

- Create mixed-income neighbourhoods, where residents of diverse socio-economic backgrounds can meet, interact and potentially gain culturally and economically from that interaction; and
- Produce affordable housing units through private development projects.
- Features of Inclusionary Zoning
- Sub-areas within a given region should meet their fair share of low and moderate housing needs.
- Proportion of units to be included is identified – current practice of 10% to 25% depending on market.
- The developer is generally afforded some form of compensation due to lost profitability (e.g., increased density, reduced municipal costs, and relaxation of regulations).
- Affordability controls are generally secured through a legal housing agreement or covenant.
- Development controls attached to the affordable portion of the development ensures that low-income housing is not low-quality housing.
- Developers can accrue development credits when they build more affordable units than required and then redeem them in future developments that are on the higher end of the market spectrum.
- Developers can sometimes be offered alternatives to building a specific portion of the development as affordable (e.g., make contribution to an affordable housing fund).

Recommended Principles for Program

- Target IH units to those most in need while assuring that new development is still financially feasible.
- Incorporate affordability standards into the program that are consistent with CRL standards.
- Consider depth of income targeting and percentage of IH units together, because there is an inherent financial trade-off between them
- Record long term affordability covenants on IH units in order to benefit as many households as possible and meet agency's production obligation (e.g. 45 years for sale; 55 years for rental).
- Confirm that the restricted sales prices and rents of IH units are sufficiently below those of market rate units to generate demand. Consider allowing a phase-in period for the IH requirement.
- Consider allowing alternative ways for the development community to meet the IH requirement if these alternatives are economically equivalent to the on-site requirement (e.g., contribution to the Victoria Housing Fund Reserve).

- Consider exempting small developments from the on-site requirement or allow them to pay a fee in-lieu of providing the units on-site.

Local Examples of Inclusionary Zoning

- *Langford*: All new rezoning applications for fifteen or more new single-family residential lots will provide either one affordable housing unit or a cash contribution to the City's Affordable Housing Reserve Fund.
- *Richmond*: In exchange for increased density proposed as part of a rezoning application, multi-family or mixed-used developments containing more than 80 residential units must build at least five per cent of total residential building area as LEMR units, with a minimum 4 units, secured in perpetuity with a Housing Agreement registered on title.
- *Burnaby*: Through its "Community Benefit Policy", during a rezoning additional density may be permitted for the provision of affordable housing units within the project.
- *Vancouver*: The City currently, as part of its rezoning process, provides additional density to developers willing to include up to 20% of base density as affordable units. The final percentage to be built as affordable is negotiated on a project by project basis. To date, projects have achieved between 11% and 17% as affordable housing.

Victoria Context

The City has used inclusionary approaches in the past but has not created a specific policy in this regard. In 2012, City Council approved the Downtown Core Area Plan that includes a density bonus program. In exchange for additional density during a rezoning application, developers are required to make cash contributions equal to 75% of the lift in land value to the Downtown Core Area Public Realm Improvement Fund and the Downtown Heritage Buildings Seismic Upgrade Fund. Currently, a density bonus program for areas outside the downtown is being explored and recommendations to Council are expected in the near future.

Housing Workshop

Analysis of Recommendations from the Mayor's Task Force on Housing Affordability



Task Force Recommendations

- The Task Force recommended **25 actions** focusing on the development of housing targeted to Statistics Canada's middle two income quartiles.
- The recommendations include actions covering:
 - policy and regulatory changes
 - procedural changes
 - incentives
 - staff support
 - outreach



Municipal Housing Strategy

- The recommendations of the Task Force are proposed to form the basis of a comprehensive Municipal Housing Strategy.
- This supports *City of Victoria Strategic Plan 2015-2018*, Objective 6: Make Victoria More Affordable:
 - **2015 Action:** Initiate Municipal Housing Strategy
 - **2016 Outcome:** Complete Municipal Housing Strategy



OCP Housing Objectives

1. That **housing development** that responds to future demand is facilitated through land use policies and practices.
2. That **housing affordability** is enabled for housing types across the housing spectrum, particularly for people in core housing need.
3. That the existing **supply of rental housing** is expanded through regeneration.
4. That a wide range of **housing choice** is available within neighbourhoods to support a diverse, inclusive and multigenerational community.
5. That **partnerships** enable stable housing with appropriate support services.

**Mayor's Task Force on Housing Affordability focused on objective #2*

**Municipal Housing Strategy will include strategies and actions for all objectives*



Workshop Agenda

Consider each Task Force recommendation:

Part 1: Action items that can be absorbed within current projects

Part 2: Action items that can be operationalized in 2016

Part 3: Action items that need further exploration at the workshop with direction to staff.

Note: an additional workshop is available on October 26 if more time is required



Workshop Agenda

PART 1:

Action items that can be absorbed within current projects



Task Force Recommendations

1. Streamline development application and permit processes by considering the following:
 - a. Refine the CALUC process by shifting the timing of the “pre-application” CALUC meeting.
 - b. Delegate approval authority to staff for development permit and heritage alteration permits for affordable housing projects.
 - c. Continue to give priority status to affordable housing applications within the development approval process.

In Progress:

- Development Summit Action Plan addresses various ways to streamline development application processes, including considerations for delegation.
- Upcoming review of the CALUC process is underway – working with CALUCs and UDI planned.



Task Force Recommendations

1. Streamline development application and permit processes (continued):

Considerations:

- Fast-track process provides some cost benefit for non-profit projects.
- Should the City examine fast-tracking of private development if applications include significant affordable housing units as an incentive?



Task Force Recommendations

2. Update the *Zoning Regulation Bylaw* to reflect the densities envisioned within the OCP to facilitate additional housing capacity.

In Progress:

- A new zoning bylaw for the Downtown Core Area.
- A new program to accelerate local area planning of neighbourhoods.

Recommendation:

- Confirm appropriate densities and update the *Zoning Regulation Bylaw* as part of local area planning.

Question:

- Does Council wish to amend the zoning regulations in advance of local area planning for other areas of the city?



Task Force Recommendations

3. Reconsider policies, guidelines, regulations and procedures for motel properties in the T-1 Zone, Limited Transient Accommodation District to reduce barriers for residential conversions.

In Progress:

- As many motel properties are located in the Burnside neighbourhood, this can be considered as part of current local area planning (upcoming phase II of public engagement).

Question:

- Should motel properties in other parts of the city also be considered as a separate work item?



Task Force Recommendations

4. Develop policies and procedures for establishing affordable housing agreements that include:
 - Consistent and transparent processes
 - Guarantees for the long-term security of tenure and affordability of units
 - Supports for other housing affordability measures (e.g. inclusionary zoning requirements, revitalization tax credits, etc.).

Considerations:

- Housing agreements are currently used at rezoning stage to secure affordable housing.
- Widespread use may result in lower assessed values, potentially affecting mill rates for other areas of the city to make up for the lost revenue (further analysis needed).

In Progress:

- This can be absorbed into the ongoing work to improve development application processes.



Task Force Recommendations

5. Reduce parking requirements within Schedule C – Off-Street Parking of the *Zoning Regulation Bylaw* as per the table provided in the Action Plan.

In Progress:

- Staff are completing an RFP for a review and update of Schedule C that will include consideration for supporting affordable housing.
- Estimated completion in spring of 2016.



Task Force Recommendations

6. Consider a variety of innovations within the scheduled review of Schedule C – Off-Street Parking of the *Zoning Regulation Bylaw*, such as:

- Facility sharing
- Unbundled parking
- Transit proximity
- Care sharing options, etc.

In Progress:

- Staff are completing an RFP for a review and update of Schedule C that will include consideration for supporting affordable housing.
- Estimated completion in spring of 2016.



Workshop Agenda

PART 2:

Action items that can be operationalized in 2016



Task Force Recommendations

7. Remove the minimum unit size requirements for multi-unit residential zones within the *Zoning Regulation Bylaw* and within the *Conversion Guidelines – Transient to Residential Accommodation*.

Considerations:

- Consistent with current practice Downtown where no minimum residential unit sizes are specified.
- Building code does not require minimum unit sizes, but deals with livability through minimum ceiling heights.

Recommendation:

- To effectively remove the barrier, the amendment is recommended to coincide with the Schedule "C" parking regulations update.



Task Force Recommendations

8. Amend Schedule G – *House Conversion Regulations* of the *Zoning Regulation Bylaw* to better facilitate conversion of single detached housing units to multi-unit residential buildings.

Considerations:

- The regulations currently enable larger, pre-1930's homes to be converted into multiple units.
- The regulations have been a successful initiative, leaving limited opportunities for additional conversions.

Recommendation:

- Direct staff to review Schedule G to determine amendments that would best accommodate additional conversion opportunities consistent with the OCP.



Task Force Recommendations

9. Review the *Zoning Regulation Bylaw* to ensure it accommodates a variety of housing types that can be used to achieve greater owner affordability in the housing market.

Considerations:

- Due to the site-specific nature of housing developments, is Council interested in exploring development of a new policy that would encourage favourable consideration of siting variances if certain criteria were met?

Recommendation:

- Update the *Zoning Regulation Bylaw* to facilitate additional housing types following local area planning within each neighbourhood.



Task Force Recommendations

10. Review the *Property Maintenance Bylaw* and resources to administer the Bylaw in order to better protect quality of life and promote safe housing conditions for all residents of Victoria.

- a. Add conditions of tenant/resident quality of life;
- b. Coordinate actions to address housing conditions through a City Housing Officer and through reviewing bylaw enforcement resources towards addressing housing quality of life and safety issues.

Considerations:

- What specific quality of life issues should the new bylaw address?

Recommendation:

- Direct staff to update the *Property Maintenance Bylaw* to improve tenant housing quality.



Task Force Recommendations

11. Investigate opportunities for the City to support the development of affordable ownership programs (e.g. shared equity, non-profit) by hosting a workshop for City staff, housing providers, developers and builders.

Considerations:

- There are many models of entry-level, home ownership programs in other cities that the City could learn from.

Recommendation:

- Direct staff to undertake related research and organize a workshop to explore findings.



Task Force Recommendations

12. Designate a City Housing Officer as a lead City liaison for landlords and tenants on housing issues that are within the City's jurisdiction.

Considerations:

- What service offerings would a Housing Officer provide that differentiates itself from the Residential Tenancy Branch?

Recommendation:

- Examine if a Housing Officer function can be absorbed within existing staff resources and departmental functions, or if an additional dedicated staff resource (FTE) is needed.



Task Force Recommendations

13. Create a real estate function within the City's administration that can purchase and sell or lease property for the purpose of creating affordable housing.

Considerations:

- City has recently approved a Strategic Real Estate function.

Recommendation:

- Examine whether the Strategic Real Estate function could support municipal objectives related to affordable housing.



Task Force Recommendations

14. Create an inventory of publicly and privately-held lots suitable for affordable infill.

Considerations:

- Staff can create an inventory with existing resources.

Recommendation:

- Work with staff in the Strategic Real Estate function (for publically-owned lots) to determine if it can support municipal objectives related to affordable housing.



Task Force Recommendations

15. Review the Victoria Housing Reserve to determine:

- a. Whether there is a need to increase the \$10,000 per unit amount limit allocated to affordable housing developments;
- b. Consider the option of introducing a per-bedroom allocation to encourage the development of larger units;
- c. Investigate options to expand the capacity of the fund through alternative financing mechanisms.

Recommendation:

- Direct staff to review the Victoria Housing Fund Reserve guidelines to encourage the further development of family-oriented units.
- Direct staff to examine per unit amount limits considering project feasibility as well as changes to other fee-related action items.



Workshop Agenda

PART 3:

Action items for further exploration:

- Garden suites and secondary suites
- Financial incentives
- “Inclusionary zoning” objectives



Task Force Recommendations

16. Amend the *Zoning Regulation Bylaw* to permit garden suites in single-family zones and amend the Garden Suite Policy as necessary.

Considerations:

- Garden suites support affordable home ownership and increased rental supply, but may not result in affordable rental.
- If permitted in zoning, Council could only consider form and character (development permits) and zoning variances.
- Public comment would be limited unless variances were triggered.

Questions:

- Should garden suites be allowed outright on all R1-B Zone properties, or just “plus-sized” lots?



Task Force Recommendations

17. Amend the *Zoning Regulation Bylaw* to permit garden suites on properties with secondary suites and amend the garden suite policy as necessary.

Considerations:

- Garden suites support affordable home ownership and increased rental supply, but may not result in affordable rental.
- Results in more visible density/housing units and parking impacts.
- May be better suited to larger lots only.

Questions:

- Should there be a requirement that the owner lives in one of the units on the property?
- Should this be allowed outright at a city-wide level or only within certain neighbourhoods?



Task Force Recommendations

18. Amend secondary suite regulations by eliminating the minimum size requirement and the restriction on dwellings that have been renovated in the past five years.

Considerations:

- Restrictions were put in place to maintain “invisible” density
- Could significantly increase the stock of housing eligible for a new suite
- Additional analysis is needed to determine how many houses would be eligible if regulations are changed.

Recommendation:

- As part of the Municipal Housing Strategy, examine ways to increase the number of secondary suites while maintaining livability, safety and affordability.



Task Force Recommendations

19. Minimize and pro-rate fees for affordable housing projects.

Considerations:

- Reducing fees may help reduce a small portion of overall costs.
- Total development application fees (Rezoning, DP, BP, DCC) equate to approximately **\$6000 per unit**.
- City currently has a “fast-track” application process for non-profit projects (improved application processing times also provide some positive cost impacts on projects).



Task Force Recommendations

19. Minimize and pro-rate fees for affordable housing projects (continued).

Questions:

- Does Council wish to also “fast-track” affordable housing applications that are proposed by for-profit developers?
- Does Council wish to reduce development application fees for affordable housing projects (non-profit and/or profit)?



Task Force Recommendations

20. Waive development cost charges (DCCs) for affordable housing projects where applicants are willing to enter into a housing agreement.

Considerations:

- DCCs are used to pay for:
 - Expansion and upgrading of City's transportation, sanitary, water and stormwater infrastructure to meet the needs and impacts of growth
 - Acquisition and development of new parks to address growth
- Historically, most affordable housing projects are currently not exempt as they contribute to growth and development. If projects include units less than 29 m², those units are exempt from DCCs.
- DCC legislation requires payment into the fund by the City even if DCCs are waived.



Task Force Recommendations

20. DCCs (continued)

Considerations

- City completed a review of DCC Bylaw in 2009 including the option to exempt affordable housing projects from DCC charges.
- Council decided to retain DCC charges for affordable housing projects and provide financial assistance through the Victoria Housing Fund.
- A review of the DCC Bylaw has been recently initiated.

Questions:

- Does the City have the capacity and willingness to offset the cost of all DCCs that are waived as this will require additional finances?
- How would the DCC reserve be funded?



Task Force Recommendations

21. Provide permissive tax exemptions to charitable, philanthropic and/or non-profit corporations that currently own or that build affordable housing in the city.

Considerations:

- Community Charter allows for tax exemptions up to 10 years and can be renewed for another term
- Most affordable housing projects are required to pay municipal taxes
- City receives approximately **\$1.6 million** (total) annually in municipal taxes from (non-exempt) affordable housing developments
- If existing affordable housing projects were exempt, the resulting impact would be equivalent to a **2.6% increase** to all other residential taxpayers as a means to offset the exempt taxes



Task Force Recommendations

21. Permissive tax exemptions (continued)

Questions:

- Does Council wish to exempt all affordable housing projects that are developed and operated by non-profit and/or charitable organizations?
- City-wide or in strategic locations?
- Is there a willingness to pass on the cost of exemptions to other tax payers?
- Does Council wish to develop criteria for eligibility such as housing forms, location, target population, etc.?
- Should it be applied retroactively or for new projects only?



Task Force Recommendations

22. Contribute land at no cost or at reduced market value for the development of affordable housing projects.

Considerations:

- Can direct location, distribution and types of affordable housing within the city and maintain long-term control.
- May also result in loss of property taxes if Council approves permissive tax exemptions.
- City portfolio of non-park land is not large.

Recommendations:

- Examine whether the Strategic Real Estate function could support municipal objectives related to affordable housing.



Task Force Recommendations

23. Create incentives that support converting underutilized or unused spaces above commercial properties into residential use.

Considerations:

- The OCP and zoning regulations currently permit residential use in upper levels of buildings Downtown.
- The City currently has a Tax Incentive Program for Heritage-Designated buildings Downtown to offset seismic upgrading costs for residential conversion of existing upper storeys.
- Market value of unused floor area Downtown is high; additional City incentives would be need to be substantial to offset.

Question:

- Considering existing zoning allowances and incentives, does Council wish to consider further incentives?



Task Force Recommendations

24. Investigate and implement appropriate incentives that can assist landlords in maintaining and/or improving affordable market and non-market housing.

Considerations:

- Community Charter prohibits City from providing any type of direct financial assistance to businesses (excludes not-for-profits).
- Density incentives could be considered to support maintenance of affordable and/or market rental stock.
- May improve quality and longevity of affordable housing.

Questions:

- Does Council wish to explore further financial incentives in consideration of the cumulative impact that other potential incentives may have on the City's financial capacity or potential impact on tax payers?



Task Force Recommendations

25. Direct City staff to report to Council with recommendations on implementing inclusionary zoning as a way to support the development of more affordable housing.

Inclusionary Zoning Concept:

- Based on requiring a share of all new housing developments to provide affordable units, targeted to people with low to moderate incomes (non-market housing).
- Generally negotiated through a rezoning process and secured through housing agreements.
- Other approaches include incentivizing through a density bonus system.



Task Force Recommendations

25. Inclusionary zoning (continued)

Preliminary findings from the bonus density study are indicating:

- The "bonus density" beyond the base is needed simply to make a project financially viable.
- At the higher end of the density range, it is easier for projects to support amenities or affordable housing.
- Downtown sites may provide 4-8% of the bonus floor space as affordable housing at a below-market rent (80% of market), leaving no contribution for other amenities.
- Other jurisdictions provide significant incentives to reach higher targets.
- Outside Downtown, the available contribution is limited (estimated at \$5 per square foot).



Task Force Recommendations

25. Inclusionary zoning (continued)

Questions:

- What balance does Council wish to strike between affordable housing and amenity contributions?
- Is Council willing to consider densities above OCP maximums to achieve inclusionary developments?

Recommendation:

- Report back to Council with more detailed consultant findings on community amenity contributions and potential options for a density bonus system outside of the Downtown (anticipated for November 2015).



Next Steps

1. That the following Mayor's Housing Affordability Task Force recommendations form part of a comprehensive **Municipal Housing Strategy**:
 - a. Review the Victoria Housing Fund Reserve guidelines, consider allocations and establish new criteria to encourage family-oriented units;
 - b. Update the *Zoning Regulation Bylaw* to facilitate additional housing capacity and types following local area planning within each neighbourhood;
 - c. Remove the minimum unit size requirements for multi-unit residential zones within the Zoning Regulation Bylaw concurrent with the update to *Schedule "C" – Off-Street Parking Regulations*;
 - d. Review *Schedule "G" – House Conversion Regulations* to determine what amendments would best accommodate additional conversion opportunities that are consistent with the OCP;
 - e. Reduce parking requirements and consider parking innovations that support affordable housing projects as part of the planned *Schedule "C" – Off-Street Parking Regulations* update;
 - f. Reconsider policies and guidelines for potential conversion of motel properties in the Burnside neighbourhood as part of the local area planning process (phase II public engagement);



Next Steps (continued)

1. That the following Mayor's Housing Affordability Task Force recommendations form part of a comprehensive **Municipal Housing Strategy**:
 - g. Update the *Property Maintenance Bylaw* to improve tenant housing quality;
 - h. Consider additional delegation authority initiatives for development applications in future years following monitoring and evaluation of the delegation options currently under consideration by Council;
 - i. Investigate opportunities for the City to support the development of affordable ownership programs; and
 - j. Examine whether the Strategic Real Estate function for the City could support goals related to revenue generation of other municipal objectives through strategic use of the City's land base including considerations for staffing and land inventory.
2. That staff bring forward a draft **Municipal Housing Strategy** outline that includes the items listed above, with associated timelines for completion.



Next Steps (continued)

3. That Council **explore options and implications** at the workshop, with further direction to staff on the following Task Force recommendations:
 - a. Consider different ways of achieving "inclusionary zoning" objectives and its impact on community amenity contributions;
 - b. Consider options and financial implications of:
 - reducing fees
 - waiving development cost charges (DCCs)
 - permissive tax exemptions
 - requiring housing agreements
 - providing other incentives for affordable housing
 - c. Consider whether amendments to the *Zoning Regulation Bylaw* to permit garden suites in single-family zones and relaxing secondary suite eligibility regulations should be:
 - dealt with immediately and on a City-wide level, or
 - whether these considerations should form part of local area planning with each neighbourhood, with zoning amendments to follow.

