

# City of Victoria – Inclusive Housing and Density Bonus Policy – DRAFT

## Policy Objectives

The Inclusive Housing and Density Bonus Policy has been developed to help encourage the supply of affordable rental housing within new strata developments in the City of Victoria. The Policy is focused on translating the additional value generated through the rezoning process into on-site secured rental housing that meets the affordability objectives outlined in Victoria's Housing Strategy.

## Context

Renters account for a significant portion of the City of Victoria's population and are an important part of the City's social fabric. New purpose built rental accommodations are often unaffordable to the average Victorian and fall outside the targets of the Victoria Housing Strategy 2016-2025.

Lack of affordable housing, especially affordable rental stock, is a significant factor that contributes to relatively high levels of homelessness in the city, with significant social and economic costs and impacts. Generating new rental stock that is affordable for low to middle income renters is a serious challenge. Therefore, the City's Density Bonus program is primarily focused on the provision of on-site affordable rental units, where possible.

In cases of redevelopment where a rezoning is considered, the Inclusive Housing and Density Bonus Policy is intended to provide guidance to property owners of the City's expectations for the delivery of on-site rental housing as a community amenity contribution.

## Policy Application

The affordable housing contributions outlined in this policy will only apply to Strata residential rezoning proposals that are seeking bonus density (not every residential rezoning and not projects proceeding under existing zoning).

Some areas of the city have been identified by the OCP as areas where future growth and change would be focused. These areas include the following urban place designations:

- Core designations (Core Historic; Core Business; Core Employment where residential is permitted; Core Inner Harbour/Legislative; Core Songhees; Core residential)
- Town Centre
- Large Urban Village
- Urban Residential

Within these areas, the OCP indicates a base density and a maximum density which may be considered where a proposed project may support provision of on-site affordable housing. In cases where an amendment the OCP is sought, this policy will apply to density beyond the current maximum, regardless of use.

## Policy Exemption

The following projects are exempted from the policy, provided that the tenure and affordability of the rental units are secured in perpetuity:

- 100% purpose-built rental projects
- Projects with heritage conservation contributions with equal or greater value to that of delivering the inclusive rental units
- Projects that do not include residential use

### Affordable Rental Housing Targets

In order to best meet the City's affordable housing objectives the affordable rental housing delivered through this policy should meet the following expectations:

<b>Target</b> (% of total units in project)	Core Residential*: 15% (maximum) Other OCP Designations**: 10% (maximum)
<b>Affordability</b>	80% of CMHC current average rents for the City of Victoria at the time of the application  Affordable unit rents are permitted to increase over time under Residential Tenancy Act regulations of CPI + 2% per year.
<b>Security</b>	Rents and tenure will be secured for 60 years or the life of the building through a housing agreement
<b>Tenure</b>	Affordable Rental
<b>Target Unit Mix</b> (for affordable housing units)	<ul style="list-style-type: none"> <li>• Studio - 45%</li> <li>• 1-Bedroom – 35%</li> <li>• 2-Bedroom – 15%</li> <li>• 3-Bedroom – 5%</li> </ul>
<b>Target Unit Sizes</b>	Aligned with BC Housing design guidelines target unit sizes: <ul style="list-style-type: none"> <li>• Studio 33 m<sup>2</sup></li> <li>• 1 Bedroom 49 m<sup>2</sup></li> <li>• 2 Bedroom 67 m<sup>2</sup></li> <li>• 3 Bedroom 86 m<sup>2</sup></li> </ul>
<b>Ownership</b>	Developer will retain ownership of inclusionary rental units but sale, lease or managing contract with non-profit housing providers are strongly encouraged
<p>*Includes the following OCP designations: Core Historic; Core Business; Core Employment where residential is permitted; Core Inner Harbour/Legislative; Core Songhees; Core residential</p> <p>** Includes the following OCP designations: Urban Residential, Large Urban Village, Town Centre</p>	

### Alternative Cash in Lieu Provision

A cash contribution of \$200,000 per affordable housing unit in lieu of the delivery of on-site affordable rental units, may be considered for the following project types:

- Projects delivering less than 40 net new strata units

The cash contribution must be equal to or greater than the value of delivering the on-site affordable rental units.

The City will utilize these cash-in-lieu contributions, deposited into the Victoria Housing Fund, to work with senior levels of government and community-based groups to provide affordable subsidized housing units in the City.

Hardship Clause: The City will consider negotiating a different (lower) percentage in cases where the applicant can demonstrate an extreme financial hardship whereby the development viability is compromised. For instance, evidence that the land value under existing zoning is higher than the land value at the base OCP density will be evaluated. Financial analysis undertaken to support a case for hardship must be conducted 'open book' and with absolute transparency.

### Grace Period

- Applications received up to three months from the adoption date will be grandfathered under the previous Density Bonus Policy requirements.