

APRIL 11 2019

Inclusionary Housing and Community Amenity Policy



Purpose

- To present Council with a proposed Inclusionary Housing and Community Amenity Policy for consideration of approval and to seek direction on implementation



Inclusionary Housing and Community Amenity Policy

Background

City of Victoria Density Bonus Policy, 2016 to 2018

Draft Inclusive Housing and Density Bonus Policy, September 2018

- Consider two options for defining bonus density
- Consult on policy and return by March 31, 2019

Interim Policy, November 2018

- Negotiate Community Amenity Contributions (CACs) for strata projects with ≥ 10 units citywide, use draft policy as guidance
- Form a working group
- Invite BC Assessment to provide 10 years of land values data

Consultation Update, March 8 2019

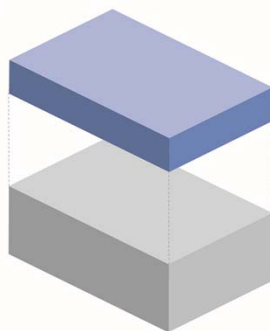
- Draft policy that creates the most truly affordable housing units the most quickly



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What is Inclusionary Housing?

A policy or land use regulation where developers provide a portion of their new market housing projects at affordable rates in exchange for bonus density. These onsite affordable units are known as inclusionary housing units.



Bonus Density: Developers can achieve higher density in exchange for Community Amenity Contributions (CACs), which can include cash or on-site amenities such as affordable housing, heritage preservation or others.

Base Density: A base density where development is permitted as of right.



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Best Practices Review

Inclusionary Housing Targets	<ul style="list-style-type: none"> • From 10-30% inclusionary housing targets • These targets are not often achieved • Set targets that work for typical projects
Affordability	<ul style="list-style-type: none"> • Varies from very low to moderate incomes • Deepened with partnerships with senior governments, as well as in relation to amount of bonus density and land values
Ownership & Management	<ul style="list-style-type: none"> • Non profit partners improve outcomes • Challenges with private unit owners/managers
Monitoring & Reporting	<ul style="list-style-type: none"> • Update fixed rates regularly • Report out CACs achieved



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Working Group

Three meetings were held in early 2019 with a diverse group of peer-appointed representatives:

Community	Development
<ul style="list-style-type: none"> • Community-at-Large • Condominium Homeowners Association • Downtown Residents Association • Generation Squeeze • James Bay Community Association • Together Against Poverty Society 	<ul style="list-style-type: none"> • Aryze Developments • BC Housing • Capital Regional District Housing • Greater Victoria Housing Society • Urban Development Institute / GMC Projects



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Policy Principles

1. Preserve and create livable, inclusive and affordable communities throughout the City
2. New developments that seek bonus residential density contribute to the affordability, diversity and livability of the City of Victoria
3. The creation of affordable and attainable housing is supported by onsite inclusionary units and/or cash-in-lieu amenity contributions
4. Onsite inclusionary units are able to be monitored and operated effectively over the long term
5. Applicants and the community have clear information regarding municipal expectations
6. Requirements for City resources and risks are minimized



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Achieving Affordability

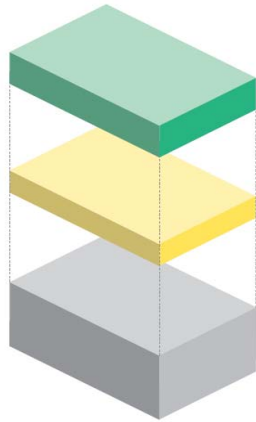
	Victoria Housing Reserve Fund	Inclusionary Housing Units
Development timeline	1 to 7 years	3 to 7 years
# units with \$200,000	6 to 20 units	1 unit
Municipal contribution	3-5% of total project costs	100% of CAC
Partnerships	Many partners	Some partners
Affordability	Very low to moderate incomes	Low to moderate incomes
Risk	Low	Medium
Dependencies	High	Medium
Resources	Limited	High
TOTAL IMPACT	High	Medium



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Defining Bonus Density

A new level of bonus density is recommended:



Level 'B' : OCP Base to Proposed Density

Level 'A': Existing Zoning to OCP Base Density

- New level of bonus density created with a fixed rate of \$5 per square foot applied to increases in residential density from the Zoning Regulation Bylaw to the OCP base density

As of Right Zoning



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Financial Analysis

Key Assumptions:

- Inclusionary targets depend on the amount of bonus density, area, tenure, rents and the unit size and mix
- Deeper the unit affordability, the lower the number of units
- Any inclusionary housing contributions will reduce, or eliminate contributions toward other amenities

Sensitivity Testing in early 2019:

- Market fluctuations, increased construction costs
- Adjusted rents, family unit targets, property management costs

Key Finding:

- 10% of total units or floor space can be targeted for new strata developments in Core Residential and Large Urban Villages



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Policy Approach

Project Size Threshold	<ul style="list-style-type: none"> Urban Core, Town Centres and Large Urban Villages: ≥60 unit projects deliver inclusionary units ≤59 unit projects provide cash in lieu
Inclusionary Target	<ul style="list-style-type: none"> 10% of total units OR floorspace
Policy Exemptions	<ul style="list-style-type: none"> Purpose Built Rental & Affordable Rental Heritage Conservation Costs Non-Residential
Updated Fixed Rates	<ul style="list-style-type: none"> \$5 to \$35 per square foot by area



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Inclusionary Housing

The 10% inclusionary housing target can be achieved with the two options below:



Affordable Rental Units:

- Low to Moderate Household Incomes (\$35,000 to \$70,000)
- Aligns with BC Housing's Housing Income Limits 2018 & 100% CMHC average rents
- Non profit partnerships encouraged

Affordable Homeownership:

- Moderate Household Incomes (\$55,000 to \$85,000)
- Flexibility
- Land lift analysis will determine amount of inclusionary housing
- Non profit partner required



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Cash-in-lieu Contribution

The following allocation is recommended:

Distribution	Municipal Reserve Funds
50%	Victoria Housing Reserve Fund
50%	Local Amenities Reserve Fund or Downtown Public Realm Improvement Fund as identified by Neighborhood Plans

Or case by case per Council discretion



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Option for Economic Analysis

- Land lift by third part contractor to capture 75% of the increase in land value from existing zoning as CAC
- Specific hard and soft cost information provided by third party contractors requested from applicants
- Cost of analysis is covered by the applicant, no longer deducted from the CAC
- Examples provided of when this option is used



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Implementation Actions

1. Issue an Expression of Interest to invite non-profit housing organizations and government agencies
2. Direct staff to revise the Downtown Core Area Plan (DCAP) to ensure alignment
3. Direct staff to monitor resources and report back in one year
4. Upon enactment, apply policy to all new applications received after April 11, 2019
5. Direct staff to report back on policy results in three years following policy implementation (2021)



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Recommendations:

Option 1: Adopt the Inclusionary Housing and Community Amenity Policy as presented, and Implementation Actions (*Recommended*)

Option 2: Adopt the Inclusionary Housing and Community Amenity Policy, but allow an option for monetary contributions to be provided in large projects with 60 units or greater

Option 3: Adopt the Inclusionary Housing and Community Amenity Policy, but with amendments to thresholds



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