

Inclusionary Housing Working Group Feedback

This attachment includes written feedback received from the Inclusionary Housing Working Group in response to the April 11, 2019 Council motion that the amended Inclusionary Housing and Community Amenity Policy be forwarded to the Working Group for comment.

The following organizations provided written comments directly to staff which is included in this attachment:

- Aryze Developments
- BC Housing
- Capital Regional District (CRD)
- Downtown Residents Association
- Generation Squeeze
- Greater Victoria Housing Society
- James Bay Neighbourhood Association
- Nicole Chaland (community-at-large representative)
- Urban Development Institute – Capital Region

Staff received no further feedback from the following organizations:

- Condominium Homeowners Association
- Together Against Poverty Society

For a full summary of all feedback received from the Inclusionary Housing Working Group members from January to March 2019, please see the April 11, 2019 Committee of the Whole report (attachment D).

Aryze Developments

From: Luke Mari <lmari@purdeygroup.com>

Sent: May 1, 2019 3:52 PM

To: Bridget Frewer <bfrewer@victoria.ca>; Hollie Mckeil <hmckeil@victoria.ca>; Andrea Hudson <AHudson@victoria.ca>

Cc: Bill Eisenhauer <beisenhauer@victoria.ca>; Lindsay Milburn <lmilburn@victoria.ca>

Subject: Re: Inclusionary Housing and Community Amenity Policy update

Hi Bridget,

Some feedback:

1. This conversation about “not slowing down development” is creating some unnecessary value based debates on whether we want net new density or not. This misses the point. If Council wants a policy that ‘extracts’ new housing units from net new housing, you need a policy that doesn’t slow down development at all to get the best value. 30% of 100 units is much less than 10% of 1000. It was communicated well by Hollie and Blair at the last CoTW but perhaps the new staff report can reflect some dialogue around this.
2. This policy has to be founded on evidence based decision making. Where is the evidence that 30% of strata units and including rental housing will yield better results?
3. Why is Traditional Residential included in the policy when there is no bonus density in this OCP designation?
4. There isn’t a single user group that wants to administer the mixed strata/rental hold backs
5. A negotiated approach doesn’t provide any clarity or consistency
6. The affordable rental rates are different the current numbers the city has been using (eg: 1bed-\$1050 vs \$1375) which further stressed the viability of projects
7. The affordable homeownership programs available with the CRD and BC Housing are totally out of sync with the values in the revised IZ. 30% of the household income of what income profile?
8. The base versus bonus density provisions are outdated and are nowhere near enough to enable success of this policy

Thanks for your all of your work on this, it’s been a tiring experience.

-Luke

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Luke Mari (MCIP/RPP)

Director of Development

Purdey Group

LMari@purdeygroup.com

250-881-6077

BC Housing

From: Malcolm McNaughton <mmcnaughton@bchousing.org>

Sent: April 24, 2019 11:24 AM

To: Bridget Frewer <bfrewer@victoria.ca>; Hollie McKeil <hmckeil@victoria.ca>; Andrea Hudson <AHudson@victoria.ca>

Cc: Bill Eisenhauer <beisenhauer@victoria.ca>; Lindsay Milburn <lmilburn@victoria.ca>

Subject: RE: Inclusionary Housing and Community Amenity Policy update

Please find my comments below:

1. The removal of the last two sentences of item #1 is inappropriate and does not follow what the committee came up with.
2. Item #3 100% rental buildings should not be eliminated. By requiring 10% of very low or moderate income households. There is not a clear definition of moderate household incomes in the proposed policy leading to uncertainty on how rents will be calculated. The 60 year housing agreement should have a draft agreement so that people know what they are signing up for. This should be vetted with lending institutions as it may make take out financing difficult (we already run into this in the private debt market) which would then stall the construction of rental buildings if take out financing is not available.
3. For paragraph #4
 - a. Please see my comments above on purpose built rentals
 - b. It is unclear if it is meant that 30% of the bonus density or all units must be affordable. Either way this is unworkable. The proposed increase in required affordable units exceeds the land value or land value being created by bonus density. In either scenario this will likely stall all market development of for sale housing which is a vital component of the housing spectrum.
 - c. The cash in lieu alternative is unclear on how a value would be arrived at and the threshold is much too low.
 - d. Affordable homeownership on a case by case basis does not provide the certainty or clarity required to make good business decisions.
 - e. Not providing clear incentives makes the likelihood of them being used quite small.
4. Paragraph 5 the percentage of split was determined through the discussions of the committee. It was discussed that if the \$\$\$ were not continued to be allocated to the fund then other means would be needed to fund the required amenities in the downtown core. A mechanism to do this should be considered if the change in % split is moved forward.
5. Paragraph 7 removal will stifle the ability to have a fair and quantitative analysis of what is being created and potentially provided through the rezoning process. This removes an opportunity to create a fair and transparent process for determining the benefits of a proposal.
6. In Schedule A there should be some additional info as to where the data is being pulled from and how it will be updated on an annual basis.

Overall the council should consider the work of the committee and also consider the use of incentives to achieve affordability. The proposed changes create a level of "take" from proposed developments that does not correspond with the ability to pay. Further, there are two tests of fairness in US land use law practice that should be considered here. The first is nexus and the other is rough proportionality. Does this policy have a nexus in that does building new units create the need for more affordable housing? If so, then is what is being require by the policy roughly proportional to the impacts being created by the

proposed project. I would argue that the revised policy as presented fails on both counts and that the committee policy comes much closer to hitting the mark.

Creating requirements that developers and builders cannot achieve will stall the market in Victoria. Growth will go elsewhere contributing to traffic and transportation issues and have unintended consequences of not providing funds to the affordable housing fund. We need to find ways to provide incentives for the market to build more housing along the entire spectrum.

Malcolm



Making a difference...together

Memo

To: City of Victoria

Date: May 29, 2019

From: John Reilly, Manager, Housing Planning and Programs, Regional Housing

Subject: Inclusionary Zoning Policy

The City of Victoria is taking steps to develop a transparent inclusionary zoning policy to support the development of more affordable housing within new housing developments in the city. The CRD has appreciated the opportunity to participate on the Advisory Committee, supporting the development of this policy and looks forward to understanding the impact a comprehensive and balanced inclusionary housing policy may have on the development of more affordability for residents of the city and region.

The creation of new housing in urban areas, particularly multi-unit developments, is a complex endeavor involving careful planning, respectful engagement within multi-faceted approval processes and the provision of a wide array of inputs, both material and financial. Achieving affordability within such developments requires the careful consideration of community need, facilitation of neighborhood dialogue and can include efforts to secure additional financial inputs or cost reductions in order to achieve desired affordability targets.

The Regional Housing Affordability Strategy (RHAS) goals include *"Building the right supply of housing across the spectrum"* and to *"Sustain a shared regional response to existing and emerging housing demand"*. Current practice demonstrates that municipalities can play an important role in encouraging the development of more affordable housing. Achieving affordability for very low to low income populations also requires investment from other levels of government. Other key actors, such as non-profit and social housing providers, play a key role in such efforts, by providing their services in operating below-market housing without the expectation of a return on investment.

The RHAS recommends the following strategies for municipalities:

- *Adopts affordable housing policies consistent with regional affordable housing definitions and targets.*
- *Creates a regulatory framework that enables affordable housing. Example: Density bonus policies that are linked to affordability targets.*
- *Offers incentives to build affordable rental housing.*
- *Offers grants and targeted reductions to support the development of affordable housing.¹*

The City of Victoria's policy does present strategies for addressing both the provision of inputs through building up its housing fund, and also presents incentives that can help reduce costs to the developer. Such approaches, which are recommended in the RHAS², can help market developers attain affordability for moderate income households and can help non-profit developers/operators achieve affordability for lower income households.

The policy approach presented by City staff that was based in evidence presented by its consultant and reviewed and vetted through the Inclusionary Zoning Advisory Committee.

¹ https://www.crd.bc.ca/docs/default-source/housing-pdf/2234-rhas_v20_pgs_sml.pdf?sfvrsn=61711cca_8, page 56

² https://www.crd.bc.ca/docs/default-source/housing-pdf/2234-rhas_v20_pgs_sml.pdf?sfvrsn=61711cca_8, page 58

The following is offered, with respect, for your consideration when reviewing and approving a new policy:

1. Current market conditions suggest that incentives that include equity contributions through grants, reduced costs through the reduction of development costs and/or bonus density, will encourage the construction of new purpose-built rentals. The greater the incentives, the greater opportunity to meet affordability targets.
2. Locating a portion of affordable rental units in projects that are scattered throughout the city raises complex issues related to ownership and efficient property management that are likely to leave non-profit operators reluctant to enter into agreements to manage these properties.
 - a) In the CRD's experience engaging in negotiations to support a non-profit owning units within private market developments would require access to capital to purchase units and access to low-interest financing to ensure the delivery of units at affordable rental levels. Currently there is no mechanism for this.
 - b) Dividing ownership between the non-profits and other owners in a strata-titled development where the non-profit owns and rents out its units would create situations where the non-profit would be required to carry responsibilities related to being part of a strata corporation.
 - c) Ensuring the capacity to provide the units as rental would also require some form of covenant, registered on title by the municipal authority, that designate either all, or, at minimum, the non-profit owned units be exempt from any restrictions on rentals.
 - d) It is recommended to consider supporting the administration of affordable rental units within purpose built rental buildings and supporting the administration of below market ownership options within ownership properties through housing agreement.
3. Requiring that 30% of initial and future sales of ownership units within a strata development at below-market rates may deter the development of new strata projects. The CRD is currently working with developers to administer sales and resales of three below-market ownership projects, and the market fundamentals of the properties have allowed for the development and sale of between 8-18% of units at 80% of market on first sale and 85% of market for subsequent sales. Setting a target of between 15 and 20% may be more achievable.

The City of Victoria's efforts to move forward transparent policy options with respect to housing affordability meets the goals and recommended strategies for municipalities outlined in the RHAS.

The CRD remains committed to working with the City and other partners in government, industry and the non-profit community in order to advance toward our mutual goal of making the region a more affordable place for people live, work and grow.

Downtown Residents Association

From: Ian Sutherland <iangsutherland@gmail.com>

Sent: May 6, 2019 10:26 AM

To: Bridget Frewer <bfrewer@victoria.ca>

Cc: Ian Sutherland <landuse@victoriadra.ca>; Hollie Mckeil <hmckeil@victoria.ca>

Subject: Re: Inclusionary Housing and Community Amenity Policy update

Hi Bridget,

Two things stand out.

1-Cash in lieu will be the most effective means in production of real numbers of affordable housing, period. We've learned that this is what can get substantial additional funding from senior government. The requirement for buildings over 60 units to provide 30% of units as inclusionary and not provide cash and will likely suppress projects moving forward resulting in no inclusionary units being provided at all while lowering the numbers of new housing stock stimulating higher, not lower housing prices across the board. Council's likely unworkable motion appears aimed at making a political/philosophical statement rather than providing actual housing.

2-Noting that affordable housing is not an amenity according to the Local Government Act and that there is a recognized acute deficit in amenities for the Downtown and no commitment from Council to provide them. The proposed policy will come entirely at the expense of achieving needed community amenities with buildings over 60 units providing no funds at all for community amenities (these buildings form the majority of projects in the Downtown) and the proposed split in cash contributions for projects below 60 units providing virtually no funding for community amenities. Funding of community amenities is an essential part of building a "Complete Community" and with a policy providing only 20% of funds from projects under 60 units Council appears to have little interest in providing any amenities to the community.

Generation Squeeze

From: Eric Swanson <eric@gensqueeze.ca>

Sent: April 23, 2019 5:09 PM

To: Bridget Frewer <bfrewer@victoria.ca>; Hollie McKeil <hmckeil@victoria.ca>

Subject: Re: Inclusionary Housing and Community Amenity Policy update

Hi Bridget and Hollie,

Gen Squeeze's feedback:

To maximize the impact of the Inclusionary Housing and Bonus Density policy, we encourage Mayor and Council to rely on the economic analysis provided by your consultants, filtered through the working group, and vetted by staff.

The other option is to set contribution rates on an aspirational basis and then hope that somehow the market/developers figure it out. Perhaps they would, in which case we'd have a nice case study about the limitations of the type of economic analysis produced by Coriolis. Otherwise, we'll be left scratching our heads wondering why we didn't base this policy on the best available information.

Overall, we encourage council to shift more of their energy away from additional tweaks to this policy (because tweaks can always be made, later), and towards the overall housing strategy, ensuring that it touches on supply, demand, taxation, both market and non-market housing, rental and ownership, and engages higher levels of government where necessary.

All the best,

Eric

Greater Victoria Housing Society

From: Kaye Melliship <kmelliship@greatervichousing.org>

Sent: May 1, 2019 3:05 PM

To: Bridget Frewer <bfrewer@victoria.ca>; Hollie McKeil <hmckeil@victoria.ca>; Andrea Hudson <AHudson@victoria.ca>

Cc: Bill Eisenhauer <beisenhauer@victoria.ca>; Lindsay Milburn <lmilburn@victoria.ca>

Subject: RE: Inclusionary Housing and Community Amenity Policy update

Dear City of Victoria Staff:

Thank you for providing the opportunity for me to comment on the proposed policy you provided on April 23, 2019. I really appreciate the consideration that Council and staff are giving to this policy and to the goal of adding a new affordable units to our community.

The way I look at inclusionary zoning is that there should be an opportunity for non-profit housing organizations like Greater Victoria Housing Society to acquire new housing units to keep affordable in perpetuity. If we want affordability long into the future, homes need to be taken out of the market and held by non-profit organizations. So, it is with some self interest that I comment on the latest proposals.

Section 4. Amenity Contribution Targets & Approach

Strata Projects: I am very interested in the City developing a policy that actually yields new affordable units. I listened to the Committee of the Whole when Council asked your consultant what outcome could be expected if the requirement was for 30% of the units to be affordable in order to get a bonus density. He said "no units" would be built as it would not be economically feasible for a developer to do that. So, I highly recommend revisiting this aspect of the policy to create the environment in which developers would have the financial incentive to add new affordable units. I am not a real estate economics expert, but I wonder how much density bonus would have to be given to achieve an economic project yielding 30 % affordable units? Are we prepared to accept that amount of density into our neighbourhoods? Is there evidence from other communities in Canada that this policy will achieve the desired results?

Cash in Lieu: I think every development application should be given the option of cash in lieu. If the City can create a large fund to support non-profit developments, we can leverage this money and create far more units than the 10% in rental or 30% in strata projects.

Additional Incentives: I note the policy considers offering relaxation of parking requirements, development permit fees and other incentives for projects that exceed the guidelines: I assume you will include non-profit developers bringing 100% affordable units as eligible for these other incentives as they can have a significant positive impact on our proforma and assist in creating more affordability.

Schedule A:

Affordable Rental Units: While we would prefer that developers contribute cash in lieu, should you require developers to actually build the units, it would be useful to know what the City's expectations are with respect to the transfer of these units to the non-profit sector. The non-profit sector can

actually purchase the units, as long as they are priced so that the Affordable Rents as prescribed by the City cover all operating costs, strata fees and the mortgage for the units. We have done some very preliminary costing and obviously the purchase price would be well below the cost of the unit. However, the policy may be more appealing to developers if we do purchase the units and provide some revenues to the project. It is not clear if the policy will allow that. If the policy does allow for that, we (or other non-profits) will need to be involved in setting the sale price, to ensure tenant rent covers all costs.

Another factor to consider with dispersed units: we will have higher costs managing the units. We will have to allocate time and costs to be part of a strata corporation. Staff will have more travel time, increasing our costs and reducing efficiencies. The more concentrated the units, the better.

I suspect some developers/investors would like to hold on to the units (perhaps in hopes that the policies will change in the future). Non-profit housing societies cannot act as property managers of the affordable rental units if the developer or some other private investor retains ownership as we would have to be licensed under the *Real Estate Services Act* – I am not aware of any non-profits in Victoria who are licensed. There is of course, nothing to stop a for profit licensed property manager from achieving all the terms of the agreements made under this policy.

Conclusion

I think the policy as presented falls short in creating the incentives required to achieve 30% affordability. The policy may drive developers to look at other communities, increasing sprawl and associated costs and failing to meet the needs of people who want to live in Victoria. The policy appears to be trying to fix demand for affordable housing, but needs to be supported by many other initiatives to have a real impact.

Thanks for continuing to consult on this.

All the best,

Kaye Melliship
Executive Director



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James Bay Neighbourhood Association

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Victoria, B.C., Canada

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May 1st 2019

Mayor and Council,
City of Victoria.

Re: Inclusionary Housing Policy

Further to the JBNA April 10th, 2019 submission, we understand that under direction of Council, staff is revising the proposed policy regarding Inclusionary Housing.

Having observed the Committee of the Whole Meeting during which direction was given to staff, we offer comments, which are supplementary to comments provided in our April 10th, 2019, correspondence. We recognise that Council's latest direction takes the policy away from fixed amount per square foot to a negotiated agreement.

Policy Section: 4. Amenity Contribution Targets & Approach

- **Strata Projects: Approximately 30% of units in strata projects will be affordable for very low to moderate income households.**

Comment: The proposed requirement for 30% of strata units to be affordable, especially under the ownership and/or stewardship of a housing group, may result in no proposals coming forward. The 30% threshold may, de facto, interfere with strata governance such that the spirit, or even intent, of the governance structure within the *Strata Property Act* is thwarted. Under the *Strata Property Act*, major decisions made by a strata require a $\frac{3}{4}$ vote. [See examples: *Strata Property Act* sections 50(2)(b), 74(1), 104(1), 108(2)(a), and 266(3)(a)] Given that it is not usual for 100% attendance at an AGM, it would take less than 25% ownership by a single entity to have veto power or control over any strata. Such a situation could be expected to discourage potential owners from purchasing in a strata complex in which they would not be on equal footing with other owners.

This proposal in itself may present a significant hurdle to the creation of affordable housing.

- **Affordable Home Ownership: Provision for affordable home ownership units rather than affordable rental units will be considered on a case by case basis.**

Comment: Given the expressed desire of many residents in the 25-35 year cohort to own homes, this proposal is welcome. (See also comment re Schedule A unit size targets)

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Policy Section: 5. Cash-in-lieu Community Amenity Contributions

• 30% Community Amenities Fund Descriptions

- Monetary amenity contributions provided by projects within the Downtown Core Area will be directed to the Downtown Core Area Public Realm Improvement Fund. Monetary amenity contributions for projects outside of the Downtown Core Area will be directed to the Local Amenities Fund and earmarked for the neighbourhood or local area where the density is realized.

Comment: We ask that

- the neighbourhood amenity and housing split of rezoning contributions be divided with a higher proportion than proposed to neighbourhoods, and
- the CAC amenity share be assigned to the neighbourhoods in which a development occurs. (Both the earlier and current proposed policies have the DCAP, which overlays neighbourhoods, as a priority over neighbourhoods. This could negatively impact James Bay in a significant way)

Policy Section: Schedule A: Inclusionary Housing Expectations 2019

• Unit Size Options and Family Sized Unit Prioritization (Applicants may elect either option):

○ **A. Percent of Total Units:**

Target	
▪ 35% Studio	▪ 20% 2-Bedroom
▪ 25% 1-Bedroom	▪ 10% 3-Bedroom

Comment: Neighbourhoods are seeking more family appropriate housing, as are young parents. We suggest that a 2-tier target system be created. The proposed for downtown neighbourhood, and one for the neighbourhoods adjoining downtown with minimum targets of 35% 2-bedroom and 35% 3-bedroom units.

The JBNA Board is very supportive of Council's intent to encourage the creation of more social and affordable housing, and the renewal of end-of-life housing, within the City.

For your consideration,



Marg Gardiner,
President, JBNA
marg.jbna@shaw.ca

Cc: Andrea Hudson, A/Director Planning
VCAN, c/o Don Monsour

Nicole Chaland

May 6, 2019

Dear Mayor and Council,

Re: Inclusionary Housing and Bonus Density Policy

The inclusionary housing policy dated April 11, 2019 contains several improvements to the 2016 bonus density policy. It ends the practice of giving away free density by applying the new policy to every rezoning application and it increases the rates charged per square foot of density. It also moves the cost of third party land-lift analysis from the city to industry. I commend these improvements!

However, I remain concerned that if you approve the policy, as presented on April 11, you will put yourself in the awkward position of feeling pressured to approve future housing developments which only produce housing that is wildly out of sync with local wages.

I am also concerned that the amount of cash the policy will generate will be a tokenistic amount, and not even sufficient to offset the increases in land-values associated with consistent and ongoing up-zoning approvals.

Please do not put yourself in a situation where you will feel obliged to approve residential rezonings that only produce homes that are widely out of sync with local wages because that it was the city policies allows for. Going forward please consider that you have the power to only award density when it produces a social benefit and *creates no harm*.

The housing crisis in Victoria has significantly intensified in the past five years - during the largest real estate boom the region has experienced since the 1970s. Rents have increased 7 - 10% annually (CMHC) and home prices have gone up 61% in five years (Stats Can). Most troubling is data from VTAG and TAPs that shows a disturbing trend of renovictions and demovictions. Did you know 76% of renters live in fear that they will be forced to leave Victoria? (Can't Stay and Can't Go, Community Social Planning Council)

The short term impact of consistently granting more density is price escalation of land and more housing unaffordability. New density, in today's economic context, further disconnects the price of homes from local wages. The entry price of homes, whether rental or ownership is now out of reach for 1/2 of our city.

Additionally, there are 6000 households in the City of Victoria, who pay more than 50% of their income on rent. These households earn less than \$31,000 annually. (2016 Census via [Canadian Rental Housing Index](#)) pay more than 50% of their income on housing. They won't benefit from market homes and as a group, they won't benefit from the inclusionary housing policy nor the housing reserve fund. Moreover, they are at risk of hardship and harm by rising prices. Rising prices incentivize sales, renovictions and demovictions.

It has taken a few years for academic research to cut through the narrative that 'the reason we have a crisis is we don't have enough supply' but the research is now easily accessible.

- From Andy's Yan's [work](#) that determined neighbourhood planning raises land values and rents.
- Freeman's research concluding that [upzoning increased land values](#).
- [This new study](#) from Amsterdam that found the drivers of housing unaffordability (price escalation) are 1) too much wealth slushing around the global economy and it is chasing homes and 2) price momentum effects - rising prices in and of themselves cause prices to rise.

In the past councils only had to consider design aspects of rezoning applications, but now councils need to consider the cumulative impacts of rezoning on the population's ability to secure housing.

I also want to mention that while the first two meetings of the inclusionary housing working group were confusing, the final meeting was impressive. A shout out to Hollie McKiel, in particular, who did an incredible job of pulling together everyone's input and putting it into the policy before you today. She is a huge asset to the City, someone who is committed to building relationships, and is very smart and dedicated.

The current inflection of the global housing crisis is too fast and too big for urban planning and land economics disciplines to catch up. It is also too harmful for you to ignore. The frameworks and the tools in these disciplines simply do not exist for planners to plan neighbourhoods in a way that will produce housing for local incomes.

However, under the municipal charter you can put any condition you want on a rezoning application. The intensity of the housing crisis, merits you using this power judiciously to require that no density will be awarded unless it specifically produces a social benefit. Do not worry if there is a lull in development, as I hope I have shown that the building boom is causing harm. Any lull will be temporary and help freeze land prices where they are.

WHAT YOU CAN DO

1. Implement the first principle; DO NO HARM by requiring 1:1 replacement of low cost rental housing and offering first right of refusal to existing tenants. This is the only way to guarantee safe, secure housing for people who live on a fixed income (seniors, people with disabilities, for example). There is simply nowhere for people to go if they are pushed into market-entry-level rents.
2. No density will be granted unless it produces a social benefit. I humbly suggest that the social benefit be defined as 50% of the housing is affordable to the following income brackets: very low income (20%), low income (20%) and low to moderate income (10%).
3. Adopt the new bonus density flat rate formula as presented and apply immediately.
4. Disentangle social benefits/affordable housing requirements from the bonus density. Both policies should apply to rezoning applications.

I wish to draw your attention to two new points of information:

1. The policy, by and large, appears insufficient to result in affordable housing for those who most need it: households that earn less than \$34,000.
2. There are over 6,000 households in Victoria who pay more than 50% of their income on rent and the vast majority of them earn, on average, less than \$31,000.

The policy presented to you on April 11 will not create housing that our community needs. It appears that the impact will be a small supply of affordable housing for those who earn roughly the median household income in Victoria (\$53,000), with about ten times as much high-end housing supplied.

One of the ideas that was brought up within the working group was the idea that a \$10,000 investment from the city's housing reserve fund would turn into one unit of affordable housing. Or rather, that a few hundred thousand dollars would create significant amounts of affordable housing. This is not the case.

In plain language, the long and short of it is:

- The policy is largely a bonus density policy that will put money generated from increased land values associated with public rezoning processes into the housing reserve fund.

- No estimate has been provided that ballpark how much cash might be generated on an annual basis. A current application for 35 high-end condo units states that it is following the draft policy presented on April 11 and will therefore contribute \$100,070.
- There is no requirement that housing reserve funds be invested into housing that is affordable households that need it the very most: namely the 6,000 households in Victoria which pay more than 50% of their income on rent and who earn less than \$31,000.
- While the reserve fund *encourages* applicants to build housing for very low and low income it is difficult to see how this will ever happen. A recent fund recipient (March 2019) proposed 21 *net* new units of housing and *none of those units will be affordable to households earning less than \$34,000 per year*. The proponent of this project owns the land outright. They have no land purchase costs and yet they are still not able to produce housing for very low and low income households.

Terminology with differing definitions are a hinderance to finding common understanding of this important element of the policy.

The housing reserve fund guidelines were updated in January 2019 and uses different definitions for very low income and low income, then the definitions agreed to by council on November 22 2018. The difference definitions are listed in the table below.

	City of Victoria Motion adopted November 22, 2018 (note that the actual incomes are subject to change and these are the current incomes)	City of Victoria Housing Reserve Fund Guidelines Updated January 2019
Very low income	0 - \$20,000	"households earning no employment income and/or in receipt of Income Assistance"
Low income	\$20,000 - \$35,000	"households with a gross annual income at or below current Housing Income Limits (HILs) as published by BC Housing on an annual basis. Current HILs are available here: www.bchousing.org/publications/HILs.pdf
Low to Moderate Income	\$35,000 - \$55,000	Not defined
Moderate Income	\$55,000 - \$85,000	"households with incomes at or below the latest available census data for the Victoria census metropolitan area median total income, as defined by Statistics Canada."

Note that the median income for the Census Metropolitan Area (CMA, which is a geographic region closely resembling the Capital Regional District) is significantly higher than the median income for the Census Subdivision (which is geography of the City of Victoria). The 2016 median household income for the CMA is \$70,283 and the median income for the City is \$53,126.

We need to clear the air. Reiterating a narrative that suggests a few hundred thousand dollars can be turned into dozens of affordable homes downplays the lived experiences and needs of thousands of residents who lack housing security.

It is more precise to say that a \$10,000 investment from the housing reserve fund will likely leverage additional taxpayer funds which will then together result in one unit of housing for a household that earns between \$35,000 and \$85,000.

The final version of the policy should make this explicit and abundantly clear.

Going forward, I recommend that the city list the income bracket in numbers as well as words or descriptors every time it uses a term. The city currently uses more than one definition of 'low' income. Most people would not immediately understand that there are thousands of households who earn less than 'low' income as described by the city. Furthermore, most people would not understand that the technical definition of 'moderate income' is an income that is higher than what 50% of all households earn. In plain language most people would consider this to be 'high income.'

To conclude, I invite you to stand up for the households who earn less than \$35,000 per year and to recognize that these households need access to affordable housing more urgently than households in higher income brackets.

I realize that the poorest people in Victoria do not have the same economic or political power that other stakeholders have. I recognize that they do not have paid staff who can meet with you regularly to represent their experiences and concerns, and so it is my expectation that you will work harder to level the playing field, and that you will work harder to ensure this group also enjoys economic benefits which are created through public rezoning process.

To reiterate, there is no requirement and it appears to be highly unlikely that any housing will be built that is affordable to income groups earning less than \$35,000 (depending on what definition the city is using). The housing reserve fund does not require it. The amount of funding available is not sufficient to build housing that would could afford to charge rents that would be affordable to this income group. A current project which had no land costs was not able to create housing for this income group, so it follows that projects which do have land costs will not be able to create housing that is affordable to this income group.

What type of housing does our community need anyway?

According to information available in the [Canadian Rental Housing Index](#) (which is derived from Census 2016) there are just over 6,000 households in the City of Victoria who pay more than *50% of their income on rent*, and the vast majority (88%) of those households earn, on average less than \$31,089 per year.

It is, by and large, households that earn on average less than \$31,000 per year who need affordable housing. There are about 6000 households who fall in that category in our city.

In the City of Victoria's vernacular adopted on November 22, 2018, these households fall within two income brackets: very low income and low income.

Who needs housing? Drop that stigma.

The terms very low income and low income have a negative connotation, so we need to explore it a little to make sure we're on the same page when we use these terms. The words create a negative image in many minds. But in fact, many people in Victoria who earn less than \$31,000 per year are totally normal people that work no less hard, and are no less smart than anyone who earns more than \$31,000 per year.

Meet Ann. Ann is a small business owner and renter who has owned and operated a retail business for 27 years in Victoria. Her business is a community hub. Ann usually knows the names of people in her shop and often introduces people to each other. She asked that I tell you that she only takes \$2,000 per month from her business. Her income is \$24,000 per year. She's not ashamed, nor should she be. She doesn't have a lot of material needs. She is starting to worry about her future. She's a renter and for the past two years has lived in fear of being demo-evicted from both her business and her home.

Meet John. John was diagnosed with schizophrenia when he was 18. He takes good care of himself and is able to manage his symptoms after many years of learning how to, and with medication. He has worked as a volunteer at the Mustard Seed, Monday through Friday, for the past 20 years. He is now 50 and has lived in the same apartment for the past 17 years. His "handicapped pension" as it is called, is about \$1100 per month and his rent is almost \$700 per month. Although he qualifies for subsidized housing the wait-list is rumoured to be five to ten years long and families with children are known to be prioritized. If he was demovicted he would not be able to pay market rents. If he was demovicted he would not be able to secure a home.

I have changed the names, but Ann and John are real, long-time residents of Victoria. They have completely different lives but share in common their exclusion from enjoying economic benefits of upzoning. They are integral to the social fabric of Victoria and make massive contributions to our community. It is not helpful to use the terms very low income and low income if those terms immediately convey negative images or produce stereotypes.

In addition to listing the actual numerical income brackets each time the income brackets are used in decision-making, we should consider removing the terminology altogether. Consider replacing the terms very low income and low income with simply income bracket A, income bracket B. This may have the impact of encouraging more stakeholders to become more acquainted with the demographics and actual incomes within Victoria.

The terms very low income and low income masks the fact that the discussion is about building homes which are connected to local incomes.

In conclusion, confidently increase the requirements for affordable housing.

You should feel confident to reject the 'economic viability' frame that is the underlying driver of the amount of cash and/or inclusionary housing units. There are many other policy impact frames to employ including the standard sustainability frame which examines a triple-bottom line (social, ecological and economic bottom lines), a community needs frame (which I've provided above) and a community values frame.

To conclude, I share the words of two citizens who spoke to you on April 11 about this topic.

On April 11, Dawn Smith, presented to you and she said:

I request you pass a housing policy that clearly signals to developers that we, the citizens of Victoria, insist on housing that is affordable for all levels of wage earners, including our neighbours and friends who are marginalized, elderly and disabled.

Moreover, If a developer is motivated to build here primarily by way of grotesques profits over social benefit, I insist we call such a "developer" what they are, not housing developers but housing commodifiers.

They are not building homes, they are building a commodity: like oil, gas, or gold. They are not welcome in my town. Do not pass a policy that makes it attractive for them to move here or remain here. Do not commodify our housing.

She was followed by Brekke Beyer who so aptly said:

If development leaves unresolved social disenfranchisement or displacement, we directly contribute to segregation and isolation. And economic insecurity. And addiction. And in general, all of the conditions that make a neighbourhood or downtown feel unsafe. (And we all know the complexity of transformations we've seen our own downtown go through.)

This is why the courage to reframe a rigid development system is so important — because we can all taste this threat and fear of isolation.

Recall the purpose of a city to empower interaction and innovation amongst people. We have to keep in mind that global-level injustices both start and end in these small-scale interactions between people in cities.

Victoria is in a position to be a global leader.

I implore local leaders to challenge the status-quo of development economics that says it's not viable if bound by strong inclusionary housing policy. Provoke leadership in development, finance, labour, everywhere — to break out of our rigid silos to figure out how together we create an inclusive development ecosystem that creates wealth and income, improves livelihoods and reduces poverty in our city.

Sincerely,

Nicole Chaland



May 1, 2019

Ms. Hollie McKeil
City of Victoria
1 Centennial Square
Victoria BC V8W 1P6

RE: Amendments to Inclusionary Housing and Community Amenity Policy

Dear Ms. McKeil -

On behalf of the Urban Development Institute (UDI) Capital Region who represents the development community, the many women and men it employs, and suppliers it supports, I am writing to express our deep concern over the amendments made to the draft *Inclusionary Housing and Community Amenity Policy*. After many months of meeting as part of the working group formed by the City, and providing input into the draft policy, it sets a precedent that our elected officials simply ignore a broad stakeholder group representing many voices on the issue and the recommendations of housing professionals. This is nothing more than a flawed municipal process and does not demonstrate accountability to the citizens of Victoria.

If approved, these amendments will dramatically impact the supply of new housing in Victoria and will have the unintended consequence of making housing less affordable. Already many projects envisioned for the city have been put on hold or shelved indefinitely due to the uncertainty that surrounds this policy. While City Staff demonstrated a best practice by ensuring a collaborative approach with input from a diverse group of stakeholders, one councillor has disrespectfully deemed themselves above this consultation and made amendments to the draft policy that are not supported by or grounded in the realities of our industry. That these changes will have a large effect on further development within this city cannot be underestimated.

Contrary to City Staff's own recommendations, based on consultation with the industry, the amendments which will cause the most damage include:

- Removing purpose built rental from being exempt to the inclusionary policy
 - o The financial viability of purpose built rental projects are challenging in themselves, adding a 10% requirement of affordable units will completely remove any chance of project moving forward or even being considered. It is imperative that purpose built rental be exempt from this policy.

- 30% of units in strata projects to be affordable
 - o The financial viability of a project will be removed completely with a requirement of 30% affordable units. The Coriolis report stipulates 10% as a workable threshold – 30% will see all projects halted. We should be following the data from the Coriolis report that supports the threshold to which development would be viable.
- Projects with 10 or fewer units eligible to use the “cash in lieu” option.
 - o Cash in lieu should be given as an option to all sizes of projects. Increasing the reserves of the housing fund to be leveraged by non-profit providers will see the City’s end goal achieved of more affordable units.

These unilateral changes were made in a process that defies good governance. We believe City Staff set an excellent precedent by striking a working group and including feedback and recommendations from the very people who are on the front lines of balancing affordable housing with the creation of a city which is inclusive and dynamic, rich with amenities and diversity and includes the entire spectrum of housing.

We ask that you not adopt the suggested amendments put forward by Council on April 11th which will result in doing the opposite of what the policy was meant to do – drive positive change with a balanced approach.

UDI entered into this collaborative process in good faith. We always have, and will continue to strive to have a healthy working relationship with Staff and Council. We look forward to further discussion on this policy in hopes of finding a resolve that will address the City’s affordable housing goals and will be financially viable for the development industry.

Kind Regards,



Kathy Whitcher

(on behalf of Jordan Milne – UDI Stakeholder Working Group Member)

CC'd – Bridget Frewer