



Committee of the Whole Report

For the Meeting of September 19, 2019

To: Committee of the Whole **Date:** September 5, 2019
From: Andrea Hudson, Acting Director, Sustainable Planning and Community Development
Subject: Official Community Plan Annual Review 2018

RECOMMENDATION

That Council:

1. Receive the Official Community Plan Annual Review 2018 and City of Victoria 2018 Housing Report for information and direct staff to communicate the findings and highlights to the public.
2. Direct staff to undertake an updated housing demand forecast and OCP capacity assessment.
3. Direct staff to report back with recommendations for using the contributions accrued in the Downtown Heritage Seismic Upgrade Reserve Fund.

EXECUTIVE SUMMARY

The purpose of this report is to present the results of the Official Community Plan Annual Review (Annual Review) for 2018. This is the sixth annual snapshot of progress towards achieving the Official Community Plan (OCP). It presents 17 indicators related to the OCP and reports key findings from the 2018 calendar year.

Overall, the indicators for the 2018 calendar year show that targets are mostly being met or exceeded, with several indicators experiencing changes worth noting. These include:

- Highest number of new housing units since the 2012 baseline
- Increase in new housing units can be attributed to rising numbers of apartment buildings, while applications for townhouses, duplexes and houseplexes represented a very small part of applications
- Number of rental and strata units highest since the 2012 baseline
- The rental vacancy rate is rising but is still below target
- Distribution of new housing between the Growth Target Areas generally follow OCP targets, but with less development in and around Town Centres and Urban Villages than envisioned
- Exceeding targets for share of new housing in the region
- 5.45 km of new bicycle infrastructure
- Highest number of trees planted since 2012
- Industrial vacancy rates remained at a very low 0.7%, indicating that the City's industrial lands are at capacity

The preparation of the Annual Review is guided by the OCP adaptive management approach, which establishes a regular cycle of plan implementation, monitoring and adjustment. The Annual Review is intended to help identify emerging trends and issues that may have an impact on the OCP and over time inform potential changes to the OCP and other plans, policies and practices. In keeping with this approach, this report also presents a recommendation to undertake an updated housing demand forecast and OCP Capacity Assessment, to align the Official Community Plan with the updated population projections in the CRD's Regional Growth Strategy.

Attached to this report is also the 2018 Annual Housing Report (Housing Report) which provides an annual snapshot of the housing market in Victoria.

PURPOSE

The purpose of this report is to present the results of the OCP Annual Review for the 2018 calendar year, as well as the City of Victoria 2018 Housing Report, which provides a more detailed review of the current housing market in Victoria.

BACKGROUND

On July 30, 2012, Council adopted the new Official Community Plan (OCP). One of the distinguishing features of the OCP is its adaptive management approach, which establishes a regular cycle of plan implementation, monitoring and adjustment that supports the OCP's long-term goals and objectives, and ensures that the OCP responds to emerging issues and opportunities. The OCP Implementation Strategy, approved by Council on September 12, 2013, also identifies the development of an OCP monitoring program and associated indicators as short-term actions to support and realize an adaptive management approach.

The OCP monitoring program includes both annual and five-year reporting. The annual reviews evaluate the progress towards OCP implementation, goals and objectives, and report on key annual indicators (OCP Policy 22.9). The Five-Year Monitoring Report was envisioned to feature a comprehensive set of indicators and a more detailed evaluation of the plan progress (OCP Policy 22.11), prepared approximately every five years as resources allow. The first five-year report was completed in connection with the OCP Annual Review 2017 and was received by Council in July 2018.

OCP Annual Indicators

The OCP Annual Review 2018 (Attachment A) presents the sixth annual snapshot of progress towards achieving the OCP. It monitors annual indicators related to the OCP and, in conjunction with previous annual reviews and the Five-Year Report received in 2018, provides a reference point against which progress can be measured in future years.

The following annual OCP indicators are reported in each Annual Review. The indicators are focused primarily on land management and development and are limited to those where data is available on an annual basis:

1. New housing units
2. Share of new housing units in growth target areas
3. Regional share of new housing units
4. New commercial and industrial space in target areas
5. Improvements to greenways network
6. Improvements to sidewalk network

7. Improvements to cycling network
8. Improvements to underground infrastructure
9. Activities in public spaces
10. New trees on City lands
11. New housing units by tenure
12. New housing units by type
13. Rental housing vacancy rate
14. Emergency shelter use
15. Retail, office, and industrial vacancies
16. Official Community Plan amendments
17. Contributions from development

Population, Housing Demand and Capacity

The most recent 5-year update to the population projections for the CRD's Regional Growth Strategy, completed in June 2019, show that the Greater Victoria region is expected to grow somewhat faster than previously projected. The new projections show approximately 109,000 people in the city of Victoria in 2038, as opposed to earlier projections for the OCP which showed approximately 101,000 people by 2041.

The Official Community Plan was based in part on population and housing forecasts created in 2009, which estimated that the City would require approximately 13,000 added apartment-type units and 2,740 added ground-oriented housing units over the period from 2010-2041, constituting a portion of regional growth (20%) that would be accommodated in the city. In keeping with the OCP's adaptive management approach, staff propose to undertake an updated housing demand forecast and capacity assessment of the OCP.

ISSUES & ANALYSIS

OCP Annual Indicators

Overall, the indicators for the 2018 calendar year show that targets are mostly being met or exceeded, with several indicators experiencing changes that are worth noting. The following is a high-level summary of several targets. More specific details on each indicator are included in the Annual Review (Attachment A):

- **Highest number of new housing units since the 2012 baseline:** The 2018 building permit data included 1,381 new units and 50 units lost through demolition or conversion, resulting in a net of 1,331 new units.
- **Increase in new housing units can be attributed to rising numbers of apartment buildings (92.8% of all units), while applications for townhouses (0.0%), duplexes (0.3%) and houseplexes (0.2%) represented a very small part of applications in 2018.** Supporting more housing in the form of townhouses, duplexes and houseplexes (often referred to as "missing middle housing") is one of the action items identified in the City's 2019-2022 Strategic Plan.
- **Number of rental and strata units were both the highest since the 2012 baseline.** Meanwhile, the number of fee simple ownership units is staying stable.
- **The rental vacancy rate is rising but is still below target:** The vacancy rate for purpose-

built rental units in the City was at 1.1% in 2018. 2-3% is considered to reflect a balanced rental market, and the last time the City saw a rental vacancy rate in that range was in 2013 (2.4%).

- **Distribution of new housing between the Growth Target Areas generally follow OCP targets, but with less development in and around Town Centres and Urban Villages than envisioned.** The OCP target is to accommodate approximately 50% of new units in the Urban Core, 40% in or within walking distance of Town Centres and Urban Villages, and 10% in Small Urban Villages and the remainder of residential areas. So far, the share of development in and around Town Centres and Large Urban Villages are below targets, while development in the Urban Core, Small Urban Villages and remaining residential areas are exceeding targets.
- **Exceeding targets for share of new housing in the region:** In 2018, 47% of the region's new units were accommodated within the city and 29% in the city's Urban Core, hitting well above the OCP targets of minimum 20% in the city and 10% in the Urban Core.
- **5.45 km of new bicycle infrastructure:** Several new bike lanes were added to the City's bicycle network, including new protected lanes along Fort Street. At 2018 year end, Victoria had a total of 91 km of cycling infrastructure on the ground.
- **Highest number of trees planted since 2012:** The number of new trees on City land increased for the fourth year in a row, and a net total of 703 trees have been planted since 2012. While most tree removals were due to severe decline, over 60 trees also had to be removed at Laurel Point as part of soil remediation.
- **Industrial vacancy rates remained at a very low 0.7%, indicating that the City's industrial lands are at capacity:** The downtown office vacancy rate went down, and the demand for retail space downtown continues to be high as well although the vacancy rate saw a modest increase. City-wide shopping centre vacancy rate went up to 12%, largely explained by the Sears department store closure.

Population, Housing Demand and Capacity

The 2019 update to the population projections for the Regional Growth Strategy shows that the Greater Victoria region is expected to grow faster than previously projected. While projected annual growth continues to remain near 1% on average, the expected increase in population suggest that there will be housing demand from approximately 109,000 people in the city of Victoria in 2041, rather than approximately 101,000 previously projected for the OCP. This is part of a larger regional trend which has seen the regional population projections increased from 449,000 people to 478,500 people by 2038.

Additionally, the OCP Annual Review 2018 confirms that new housing development continues to be distributed somewhat disproportionately throughout the City in relation to the growth targets stated in the OCP, with a lesser proportion of new housing in or within walking distance to Town Centres and Large Urban Villages than desired.

The Regional Growth Strategy projections are based on projections of demographic change (births, deaths and migration) and past housing trends, but are not based on land use policy. It is uncertain if the current Official Community Plan provides for sufficient capacity and policy guidance to integrate housing needs identified in the latest regional population projections – especially in consideration of the City taking further steps to retain existing apartment stock. In keeping with the

OCP's adaptive management approach, staff propose to undertake an updated capacity assessment of the OCP as well as an updated housing demand forecast, to inform future planning including upcoming Local Area Planning. Funding for this project would come from funds already allocated for OCP Implementation, including Local Area Planning.

Contributions From Development

In 2018, the Downtown Core Area Public Realm Improvement Fund had an accrued amount of \$216,179 and the Downtown Heritage Seismic Upgrade Reserve Fund had an accrued amount of \$150,411. With recent approval of the Inclusionary Housing and Community Amenity Policy, contributions from development are anticipated to be in the form of on-site affordable housing units for projects that include 60 or more units; and cash-in-lieu of housing contributions are anticipated for projects that include less than 60 units. Cash-in-lieu contributions are now envisioned to be directed in the following manner: 70% to the Victoria Housing Reserve Fund and 30% to the Downtown Core Area Public Realm Improvement Fund or the Local Amenities Fund (depending on location of the project).

This means that funds will no longer accrue in the Downtown Heritage Seismic Upgrade Reserve Fund for the coming years while affordable housing and public realm improvements take priority, unless directed by Council on a case-by-case basis. Given this, Council may want to utilize the funds that have accrued in previous years to support seismic upgrading of heritage buildings. It is recommended that staff report back with options for how the heritage funds could be expended to align with the 2020 budget process.

OPTIONS & IMPACTS

2019 - 2022 Strategic Plan

The Annual Review provides an annual snapshot of progress towards achieving the OCP and the data presented can be used to monitor Strategic Plan progress as some of the indicators are also identified as measurable outcomes in the Strategic Plan (in particular, decrease in homelessness, monitoring missing middle housing units and rental vacancy rates). The indicators in the Annual Review also reaffirms the need to encourage houseplexes and townhouses, which is a Strategic Plan action for 2019-2020.

Impacts to Financial Plan

The Annual Review and Housing Report are not expected to impact the 2019 - 2023 Financial Plan. Costs associated with undertaking an updated OCP Capacity Analysis can be used with existing funds in place to support OCP implementation and local area planning.

Accessibility Impact Statement

Indicator number 6 in the Annual Review measures and supports accessibility by reporting on annual improvements to the City's sidewalk network, both in the form of new sidewalks and upgrades to existing sidewalks (widening or other improvements). In 2018, 0.12 kilometres of new sidewalks and 2.1 kilometres of upgraded sidewalks were added to Victoria's sidewalk network, for a total of 2.22 linear kilometres.

Official Community Plan Consistency Statement

The Annual Review is consistent with Policy 22.7 of the OCP, which calls for the development of an OCP monitoring and evaluation program that identifies: outcomes and targets, measurable indicators, methods for data collection and analysis, considerations for data interpretation, and methods for reporting and dissemination.

CONCLUSIONS

The Annual Review presents the sixth annual snapshot of progress towards achieving the OCP. This report presents data from the 2018 calendar year, which can be compared to the findings in previous Annual Reviews since 2012 and the 5-Year Monitoring Report to begin to understand if trends are developing. Many of the OCP indicators do not yet show conclusive trends within this limited time frame, however some patterns are emerging with regards to population growth and distribution.

The City is continuing to experience a somewhat disproportionate distribution of housing development compared to the OCP's 30-year growth management concept (OCP Figure 3), and is continuously exceeding the target of accommodating at least 20% of the region's population within the City boundary. Meanwhile, updated population projections from the CRD indicate a future housing demand from approximately 10,000 more people by 2041 than previously projected for the OCP. Staff therefore recommends undertaking an updated OCP capacity assessment and housing demand forecast to ensure that the Official Community Plan is based on the most up to date information available, which by extension also will inform other planning processes such as Local Area Planning.

Respectfully submitted,




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Andrea Hudson
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Report accepted and recommended by the City Manager:


Date: Sept. 12, 2019

List of Attachments

- Attachment A: Official Community Plan Annual Review 2018
- Attachment B: Annual Housing Report 2018