



Committee of the Whole Report For the Meeting of December 3, 2020

To: Committee of the Whole **Date:** November 20, 2020
From: Karen Hoese, Director, Sustainable Planning and Community Development
Subject: Capital Regional District Housing Needs Assessment for the City of Victoria

RECOMMENDATION

That Council:

1. Receive the Capital Regional District Housing Needs Assessment – City of Victoria, October 2020 report for information, in accordance with Section 585.31 (1) of the *Local Government Act*, which requires that all local governments to complete housing needs reports by April 2022 and every five years thereafter.
2. Direct staff to publish the report on the City's website in compliance with regulatory requirements for the report to be publicly and freely accessible.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with a Housing Needs Assessment report for the City of Victoria, October 2020 (Attachment A), to fulfil housing needs reporting requirements now in effect from the Province. The housing needs reports are intended to inform the City's creation of plans and policies that guide and manage development of housing in Victoria. The *Local Government Act* requires that local governments consider the housing needs report most recently received (by Council resolution) when making amendments to the Official Community Plan (OCP) that relate to housing policies or residential land uses and when developing a new OCP.

The Housing Needs Assessment report projects that Victoria's total number of households will increase by 2,900 between 2020 and 2025, and thus highlights a need for 2,900 new housing units in the same period. This expected need is in addition to measures needed to address existing, pent-up housing demand made apparent by the 1,523 individuals identified as homeless on March 11, 2020, and Victoria's disproportionately high incidence of core housing need. The report notes that Victoria had a higher proportion (21%) of households in core housing need than the CRD (14%), BC (15%), or Canada (13%). There are large rental affordability gaps identified for single-income renter households, and even larger ownership affordability gaps for the median income of every household type for nearly any type of ownership housing (single-detached, townhouse, or condo).

This report now enables the City to comply with the requirements of Section 473 (2.1) of the *Local Government Act* to inform the planning and development of housing, and to help improve local understanding of housing needs.

PURPOSE

The purpose of this report is to present Council with a Housing Needs Assessment report prepared by the Capital Regional District for the City of Victoria, October 2020.

BACKGROUND

Legislative requirements took effect April 16, 2019 and require local governments to collect data, analyze trends and present reports that describe current and anticipated housing needs within their respective community.

The requirements related to housing needs reports are detailed in the following legislation and associated regulations:

- *Local Government Statutes (Housing Needs Reports) Amendment Act*, 2018, S.B.C. 2018, c. 20
- *Local Government Act*
 - Section 429 (2.1) – Content of regional growth strategy
 - Section 473 (2.1) – Official community plan content and process requirements
 - Part 14, Division 22 – Housing needs reports
 - Housing Needs Report Regulation (OIC, Order-in-Council 205).

The housing needs reports regulations require the collection of approximately 50 different data indicators about past and current population, households, income and economy, and housing stock, as well as projections for population, households, and housing stock. The regulations also specify minimum contents based on analysis of the information collected, and a standardized summary form.

As per the above noted sections within the *Local Government Act*, a local government is required to consider its most recent housing needs report, and the housing information on which it is based, when:

- developing an official community plan or regional growth strategy
- amending an official community plan in relation to housing statements, map designations or policies.

On November 14, 2019, Council passed a resolution confirming the City of Victoria's participation in the Regional Housing Needs Reports Project. Through this project, the Capital Regional District secured funding from the Union of BC Municipalities (UBCM) to complete housing needs reports in partnership with and on behalf of the 11 participating municipalities within the CRD.

This housing needs report, along with other City-initiated studies, is intended to be used by the City, the CRD, and other stakeholders to inform the planning and development of housing, through local plans, policies, and the management of development. It is also a public document intended to support decision-making around housing and provide information to stakeholders to help improve local understanding of housing needs.

ISSUES & ANALYSIS

The following sub-sections highlight key findings within, or paraphrased from, the report (Attachment A).

Population and Demographic Change

Victoria's 2016 population of 85,805 is projected to have increased by 3,731 (4.3%) to 89,536 as of 2020 and is projected to increase by 4,628 (5.2%) as of 2025 to a total of 94,164. Victoria's 45,755 households in 2016 is projected to have increased by 2,116 (4.6%) to 47,871 as of 2020 and is projected to increase by 2,900 (6.1%) as of 2025 to a total of 50,771. The report notes these projections should be interpreted with an awareness of the population undercount associated with the census; for Victoria, the 2019 population estimated by BC Stats is 95,379, whereas the census-based projection estimated a population of 89,536 in 2020.

The report projects a need for 2,900 new housing units by 2025 to address housing need associated with population growth (not including existing housing need). This housing need estimate is comprised of 47% (1,354) bachelor or 1-bedroom units, 36% (1,055) 2-bedroom units, and 17% (492) 3+ bedroom units. This breakdown of housing needs is based on a projection for non-Census-Family households to increase (1,555) more than all other household family types combined, and for couples without children to increase (841) substantially more than couples with children (504). The report cautions that the future may look different than these projections because the types of new housing provided in Victoria can influence the demographic proportions and overall amount of population growth (e.g. providing more family-suitable housing is likely to increase the proportion of families in the city).

By 2025, a significant projected increase in the 75 to 84-year-old age group (2,386) is largely responsible for the projected increase in Victoria's median age to 44.2, up from 42.7 in 2016. By contrast, the regional median age in 2016 was 45.5.

Core Housing Need, Homelessness, and Non-Market Housing

In 2016, Victoria had a higher proportion (21%) of households in core housing need than the CRD (14%), BC (15%), and Canada (13%). A much higher proportion of renter households (30%) in Victoria are in Core Housing Need than owner households (7%). One third of Victoria's households spent 30% or more of their income on shelter costs, including 42% of renter households and 20% of owner households. Further, a higher proportion of renters than owners live in unsuitable dwellings (suitability relates to the number of bedrooms required based on household composition as defined through the National Occupancy Standard).

Statistically, the most at-risk renter households are lone parent households and households with at least one senior (65+ years), where respectively 47% and 44% experience at least one core housing need (see Table 10, page 48 of Attachment A).

It is estimated there was a minimum of 1,523 individuals who experienced homelessness across the CRD on March 11, 2020. The Point-in-Time (PiT) count identified at least 350 individuals who were emergency sheltered, 743 who were provisionally accommodated in transitional housing and institutions, and 145 individuals who were couch-surfing. There were at least 270 individuals who were unsheltered and a minimum of 15 individuals who stayed in unknown locations.

As of March 31, 2020, there were 938 households on BC Housing's Housing Registry for Victoria, including 245 families, 378 seniors, 230 people with disabilities, 51 individuals needing wheelchair accessibility, and 34 singles. This list does not consider any other waitlists of housing providers that are unaffiliated with BC Housing and should not be considered comprehensive.

As of 2019, there are a total of 5,795 non-market units in Victoria where BC Housing has a financial relationship (see Table 6, page 39 of Attachment A). Victoria has roughly 60% of the CRD's co-

operative housing (592 out of 945 units) (Table 7). Nearly half of all co-operative housing units have three bedrooms or more, compared to just 1% of the primary rental market.

Rental Housing

The rental housing affordability gap analysis, a comparison of the median rent from the 2019 primary rental market against median before-tax incomes for renter households (estimated for 2020), highlights large affordability gaps for single-income renter households like lone-parent families and non-census families (people living alone, or together who do not constitute a census family).

As of 2019, the rental vacancy rate in Victoria was 1.0%, far lower than what is considered healthy (between 3% and 5%). Between 2005 and 2019, the number of primary rental market units in Victoria increased by 1,030 or 6.4% (see Figure 28, page 31 of Attachment A). By contrast, the total renter households increased by 2,900 or 12% between only 2006 and 2016. This suggests an increasing reliance on the secondary rental market (according to the CMHC, the primary rental market, consists of units in privately initiated, purpose-built rental structures of three units or more. The secondary rental market covers condominium apartments offered for rent.).

The median rent for primary rental market units in Victoria increased (74%) between 2005 and 2019 (see Figure 29, page 32 of Attachment A), with the rent for 3-bedroom units increasing most rapidly (81% increase). Data on the secondary rental market (e.g. accessory suites, rented condos or houses) is only available at the regional scale, and shows that average rents for condos in Victoria were \$236 more expensive than the median rent for a 2-bedroom unit in the primary rental market.

Ownership Housing

The ownership housing affordability gap analysis, using average sales prices and estimated 2019 median household incomes, shows significant gaps for all household types in affording single-detached homes. Based on the respective median incomes for each household type, couples with children would need to spend approximately 45% of their monthly income on shelter costs; while couples without children would need to spend 57%; lone-parent families would need to spend 100% and non-census families would need spend 121% of their income.

Townhouses, at the average 2019 sales price, were close to being affordable for couples with children and other census families earning the median household income if they were to spend 37% and 34% of their monthly income on shelter costs, respectively. Apartments could be an affordable option for couples without children earning the median household income.

Homeownership is likely out of reach for single-income households like lone-parent and non-census families; these household types would need to spend 50% or more of their monthly income to be able to afford single family homes or townhouses, and between 30 – 50% for apartments.

Housing Stock

In 2016, 83% of households were comprised of one or two persons, while 79% of dwellings had 1 or 2 bedrooms. By contrast, 16% of households have three or more persons, while 22% of dwellings are 3 or more-bedroom units. Taken together with Victoria's aging demographics and relatively smaller proportion of households with children, this latter finding may suggest the stock of 3 or more-bedroom dwellings is not becoming available to households seeking these larger units.

Between 2015 and 2019, 94.6% of new dwellings were apartments, 2.9% were single family dwellings, 1.5% were townhomes, and 0.9% were duplexes. The rental and ownership gap analyses highlight the importance of apartments – particularly rental apartments, and alternatives to the single detached house, referred to as Missing Middle Housing, for providing housing options that meet the needs of the full variety of Victoria’s household types.

COVID-19 Implications

The full effect of the COVID-19 pandemic on the housing system in Victoria will continue to evolve, however some implications are already apparent. The regional unemployment rate recorded in August 2020 of 10.3% is much higher than the 3.4% unemployment rate from February 2020. Supportive housing operations have had to reduce capacity to meet social distancing requirements, further compounding many issues related to housing instability, and may be contributing to increased overdoses, among other vulnerability factors. Renters or individuals receiving temporary financial and housing support may struggle to find stable and permanent housing in coming months.

The benchmark value for single-detached houses and condos have stayed consistent or edged higher than in August 2019, however the Victoria Real Estate Board reports that it remains unclear how the market will react to the socio-economic impacts of the pandemic in the upcoming months. Due to the pandemic, there may be opportunities to acquire available and below-market properties and land for affordable housing (including protecting existing purpose-built rental properties).

Community Engagement

To gain insight into regional and Victoria-specific housing challenges and opportunities, Urban Matters conducted a series of stakeholder focus groups and interviews through late-July and August 2020. Discussion of region-wide housing challenges touched on themes related to housing affordability, homelessness, options for renters, indigenous housing, supportive housing, youth housing, student housing, and developing and operating housing. Discussion of region-wide opportunities touched on themes related to multi-sectoral collaboration and partnerships, continued support for culturally supportive housing, encouraging broader public engagement, and numerous other opportunities.

Victoria-specific discussion of housing challenges touched on themes including scattered supportive housing sites, adding more missing middle housing forms, and reducing renovations. Opportunities discussed related to improvements in development approval processes and purpose-built rental housing.

OPTIONS & IMPACTS

Accessibility Impact Statement

The Housing Needs Assessment report for Victoria highlights accessibility as a key component of the housing need in Victoria. In particular, the report provides insight into the number of people on BC Housings’ waitlist who need wheelchair accessibility. The report further identifies the fact that a lack of supportive housing options pushes people to live in housing that may not have the accessibility or health supports required.

2019 – 2022 Strategic Plan

This report will be used to inform the City’s work in addressing the range of actions under Strategic Objective Three: Affordable Housing.

Impacts to Financial Plan

There are no impacts to the City's *Financial Plan* associated with the recommendations in this report.

Official Community Plan Consistency Statement

Council's receipt of this housing needs report, in accordance with Section 585.31 of the *Local Government Act*, is consistent with and advances OCP objectives and policies relating to assessing and identifying the range of housing needs and housing mix suited to the community's projected population and future housing demand, and the adaptive management of the OCP more generally (i.e. objectives 13 (a), 22 (a), and 22 (g), as well as policy 13.2.1, and 22.8.3).

CONCLUSIONS

This report now enables the City to comply with the requirements of Section 473 (2.1) of the *Local Government Act* that requires local governments to consider the most recent housing needs report to inform the planning and development of housing, and to help improve local understanding of housing needs.

Respectfully submitted,



Malcolm MacLean
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Community Planning Division



Karen Hoese, Director
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Report accepted and recommended by the City Manager:



Date: November 24, 2020

List of Attachments

- Attachment A: Capital Regional District Housing Needs Assessment – City of Victoria, October 2020