

PURPOSE

The purpose of this report is to present Council with the first *Victoria Housing Strategy Annual Review 2019* which summarizes the Strategy's achievements, challenges, and outcomes. The report also brings forward recommendations for some improvements to the City's housing policy framework, and work plan priorities for 2021.

BACKGROUND

The *Victoria Housing Strategy Phase Two, 2019-2022* was adopted in July 2019. It defines the City's role in the provision of affordable housing, assesses and forecasts Victoria's affordable housing needs now and, in the future, as well as establishes targets and tools to meet those needs. The Housing Strategy is action-oriented and includes 44 actions, organized by five focus areas.

The Housing Strategy includes Housing Unit Targets, which estimate the number of housing units needed to meet projected demands at a variety of price points.

Of the 44 actions, 11 were prioritized for initiation in 2019, based on the City's capacity, resources and the actions' direct impact on the creation and preservation of housing.

On June 2020, Council re-prioritized actions of the Strategy to respond to the COVID-19 pandemic and the mounting housing insecurity faced by renters. These actions include:

1. Advance and support the rapid supply of affordable and supportive housing with government partners and non-profit housing providers.
2. Bring forward an expanded Rental Property Standards of Maintenance Bylaw for consideration.
3. Develop a Rental Property Licensing Bylaw to prevent renovictions and demovictions.
4. Explore the creation of a non-profit administered rent bank on a pilot basis.

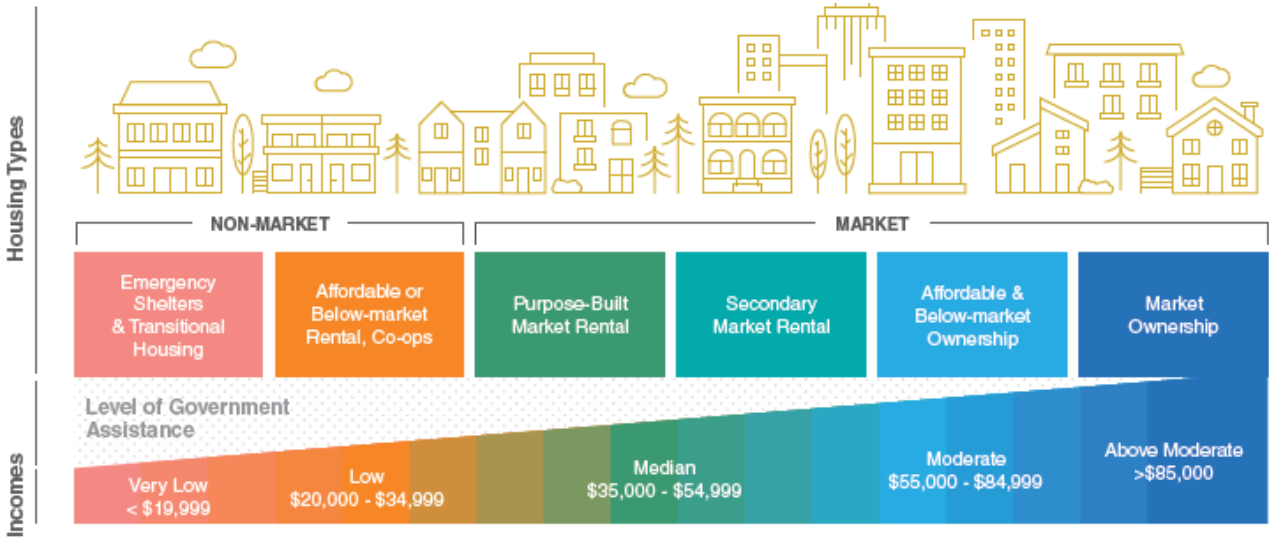
The City of Victoria participated in the Capital Region's *Housing Needs Assessment* in 2020 and received a City of Victoria specific report at the December 3, 2020 at Committee of the Whole meeting. This report provides new information on the existing housing gaps and the nuanced housing needs of Victoria's current and future residents.

ISSUES & ANALYSIS

1. Victoria Housing Strategy Annual Review 2019

The *Victoria Housing Strategy Phase Two 2019-2022* (Housing Strategy) includes a commitment for annual monitoring and evaluation to track progress and impacts made over the preceding year. The *Housing Strategy Annual Review 2019* (Annual Review) (Attachment 1) follows the City's adaptive management framework, and is intended to help identify emerging trends, issues and new knowledge that may warrant changes to the Strategy overtime. In this way, the Annual Review assesses Victoria's shifting housing conditions and housing needs across the housing continuum shown in Figure 1, and monitors progress on the Strategy's goals, actions, and targets. This review replaces the long-standing Housing Report with an expanded set of indicators and sources.

Figure 1: Housing Continuum



Annual Review 2019, Key Findings and Observations:

Overall, there have been some improvements felt in Victoria’s housing context, primarily through the addition of new, diverse housing supply, with a mix of price, tenure, and form. However, significant challenges persist for Victoria’s residents in accessing suitable, adequate, or affordable rental and ownership housing.

- In 2019, building permits were issued for 519 net new homes in Victoria, including 351 ownership and 249 rental homes, as well as a recorded loss of 81 units through demolitions.
- Of the 249 building permits issued for rental housing, 183 were for purpose-built rental apartments, which provide a high level of housing security for tenants.
- Since November 2018, and throughout 2019, Council approved over 200 affordable and below-market homes, which are funded by senior governments and operated by non-profit housing providers. More affordable housing is forthcoming, as there are over 900 homes of non-market housing rented at affordable and below-market rates, that are either approved by Council or are proposed in Victoria.
- In 2019, the City contributed \$1,835,000 towards the construction of 138 affordable homes from the Victoria Housing Reserve Fund.
- In 2019, Council approved 156 new homes that are suitable for families (2 and 3 bedrooms) in multi-family buildings, including 74 units in apartments secured in legal agreements, and over 80 in Missing Middle Housing forms, such as duplexes, triplexes, fourplexes and townhouses. This housing is intended to be built in the next few years.
- In 2019, a total of 113 new grounded-oriented homes were issued building permits, including 78 house conversions, secondary suites, or garden suites, and 35 for ‘Missing Middle Housing’ forms.
- Average market rental rents have increased by 3.4%, but not by as much as the 7.3% of the

previous year. Vacancy rates are still well below healthy rates (3 to 5%), with rates decreasing for by primary rentals from 1.1% to 1.0%, while increasing slightly for secondary market rentals from 0.1% to 0.4% in 2019.

- The average sale price of all housing types decreased in 2019. Single-family dwellings decreased by 2.1%, condominiums decreased by 2.7%, and townhouses decreased by 6.7%.

Key Achievements, 2019 to 2020:

There has been significant progress made since the adoption of Phase Two in July 2019, with over 30 actions being advanced. Six were completed actions, three new actions were added to the Strategy, and 15 are currently underway. Two initiated actions were put on hold to reprioritize for COVID-19 recovery, and others have become a regular part of ongoing day-to-day operations. The following highlights the key achievements over the past year, starting most recently:

- The *Rental Property Standards of Maintenance Bylaw* was adopted on November 19, 2020 to take effect in January 2021.
- New House Conversion zoning regulations were adopted on October 22, 2020, expanding opportunities to convert single-family houses to multi-family housing. The regulations also encourage the inclusion of rental, affordable rental, affordable home ownership units and heritage designation.
- In the fall of 2020, advancements were made to improve communication of the Housing Strategy, its goals, actions, and outcomes, including:
 - Creation of new online content: “Information for Tenants”; “Affordable Non-Market Housing” and “Creating and Retaining Victoria’s Rental Housing”
 - publication of a Victoria Housing Strategy Summary Brochure, to improve awareness of Phase Two
 - the Housing Strategy Annual Review has replaced the former Housing Report, to report on progress made and Victoria’s shifting housing context.
- Three rental housing workshops have taken place throughout the fall of 2020, as part of a series, focusing on:
 - Non-market affordable and below-market rental housing development
 - Market rental development and retention
 - Renters Advisory Committee feedback on objectives and engagement with renters

An additional future workshop will complete the series with a diverse group of participants, including tenants, tenant and housing advocates, non-profit housing providers, funders, development industry, landlords, and community representatives.

- A new staff position identified in the Housing Strategy to help advance actions that focus on renters, a Tenant Assistance Planner, was approved in the fall 2020, to commence as of January 2021. The recruitment process to fill this position is currently underway.
- The City of Victoria continues to actively contribute land to affordable housing, including purchase of a property on Pandora Avenue in May 2020 for future housing uses. There are currently nearly 400 units of non-market housing being proposed or approved with City partnership.

- In June 2020, an Inclusionary Housing Contractor List was published to encourage partnership between public, non-profit and private residential developers when fulfilling policy expectations for onsite affordable units in new development, known as ‘inclusionary housing’. The list includes non-profit and governmental agencies who have expressed interest in providing property management services, administering affordable homeownership units, and/or leasing or purchasing inclusionary housing units.
- A Renter Engagement Toolkit was completed in January 2020, to help increase the participation and voice of renters in City engagements, with support from the Renters Advisory Committee.
- In September 2019, a review of the Tenant Assistance Policy was undertaken, following one year since its implementation. Policy updates were made to improve outcomes through enhanced compensation and assistance for tenants, alignment with changes to the *Residential Tenancy Act*, as well as considering recommendations made by the *Provincial Renters Task Force*.
- In July 2019, updates to the Victoria Housing Reserve Fund Guidelines were made to ensure consistency with new Housing Affordability Targets, and the Tenant Assistance Policy expectations.

2. Challenges in 2020

a. COVID-19

Although progress has been made on key priority actions, the emergence of the COVID-19 pandemic contributed to the lengthening of some project timelines, including a delay in scheduled public consultation events as well as reprioritizing work plan actions to respond to the impacts of COVID-19 on residents. It also required time to understand, assess and develop creative solutions for advancing work and undertaking engagement. New approaches and innovative technologies are now in use to safely engage with the public, while also ensuring that these opportunities are interactive, inclusive, and responsive to a diversity of voices.

b. Resources and Capacity Challenges

A large part of Housing staff time is dedicated to daily housing operations such as ongoing monitoring and collecting data on affordable housing application approvals, implementing the Tenant Assistance Policy through ongoing preparation of Tenant Assistance Plans, and liaising with the Renter’s Advisory Committee on a monthly basis. Housing staff also offer cross-departmental support to development application reviews and negotiations, the drafting and review of housing agreements, and considerations for affordable housing development on City-owned land.

The Community Planning Division has experienced some staff vacancies throughout 2020 including the Senior Planner (Housing Development), Senior Planner (Housing Policy), and Tenant Assistance Planner. These vacancies, together with a focus on daily operations have contributed to projects delays or extension of timelines.

Recruitment processes to fill these vacancies are currently in process and will enhance the team’s ability to bring forward several of the priority actions for Council’s consideration in 2021.

3. Housing Gap Analysis and Unit Targets Update

The Housing Strategy Phase Two includes Housing Unit Targets (page 48), which estimate the number of new homes needed to be created between 2019 and 2024 to serve diverse income group across the housing continuum. These targets considered historical census data and the Capital Regional District’s (CRD) updated Regional Growth Strategy projections, published in 2019. Since adoption of the Strategy, several new studies have been published which warranted an update to the unit targets to ensure that they remain accurate and responsive to new information.

New studies include:

- In 2019, the City of Victoria commissioned a *Housing Trends and Projections Study in 2019* to better understand the CRD’s Regional Growth Strategy Projections and its impact on Victoria’s housing future. The study estimates that the population of Victoria will reach just over 111,000 by 2041, which results in approximately 11,000 additional households between 2016 and 2041. This projected growth is slightly higher than estimates used to inform the Official Community Plan (2012). The study also provides a more nuanced understanding of this future housing need, by analysing the age, family type and tenure of the additional households.
- In 2020, the City participated in the CRD’s *Housing Needs Assessment City of Victoria, October 2020* (Housing Needs Assessment), 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. Study findings have been used to inform the Housing Strategy Annual Review, 2019 (Attachment 1) as well as the proposed Housing Work Plan 2021 (Attachment 2).
- In 2020, the City commissioned a *Housing Gap Analysis* to be carried out as a concurrent and complimentary study to the Housing Needs Assessment in order to update the Strategy’s Housing Unit Targets based on the most up to date information. The *Housing Gap Analysis* considers new detailed information on Victoria’s future housing needs and undertakes a rigorous methodology to provide an expanded set of targets that respond to diverse housing needs.

The *Housing Unit Targets 2019-2025* (Figure 3) are proposed to replace the existing targets on page 48 of the Strategy.

Figure 3: *Housing Unit Targets, 2019-2025*

Building Type	Housing Type	Very Low	Low	Median	Moderate	Above Moderate		
		Under \$20,000	\$20,000 to \$34,999	\$35,000 to \$54,999	\$55,000 to \$84,999	\$85,000 to \$124,999	\$125,000 +	
Apartment	Affordable Non-Market Rental	950						
	Below-Market and Market Rental				750			
	Condominiums					1,130		
Ground-Oriented	Missing Middle & Single-Family Homes						570	
	Distribution of Units Across Continuum	50%				50%		

As illustrated in Figure 3 above, approximately 950 affordable non-market homes are needed to 'keep up' with growing demand over the next six years. This, however, does not account for the significant pre-existing need for affordable housing in Victoria (i.e. latent demand for non-market housing). To start to 'catch up' with these pre-existing needs, the *Housing Gap Analysis* estimates that an additional 500 non-market homes should be targeted for creation by 2025. Therefore, to both 'keep up' and help to 'catch up', a total of 1,450 affordable non-market homes are targeted for creation by 2025.

It is important to note that catching up with latent demand will take time and there are many considerations that could impact the amount of new affordable housing constructed within a six-year period. The most important factor in the sustained development of non-market housing is continued senior government investments in 2021 and beyond. Other factors include the City's ability to continue to support non-profit developers through efficient approvals and contributions of capital grants or land leases. Finally, the capacity of non-profits in Victoria to initiate new developments and access to have available land for development are key factors in determining the pace at which new affordable housing is created.

The proposed Housing Unit Targets vastly improve upon the current targets by:

- Adjusting from a five-year (2019 to 2024) to a six-year timeframe (2019 to 2025), to align with the Housing Needs Assessment report, and the release of new Census data which will enable greater coordination and more timely updates in future years.
- Expanding the targets to better understand Victoria's diverse and nuanced housing needs, including new targets for:
 - Rental tenure housing at a variety of price points, including affordable non-market, below-market and market rental housing.
 - Homes that are suitable for families (2 and 3+ bedrooms), in a variety of tenures (rental and ownership) and housing forms (apartments and ground-oriented).
 - Demand for variety of housing forms (ground-oriented vs apartments) by income group.
- Undertaking an in-depth analysis of Victoria's core housing needs data to create a distinct target for the total number of affordable non-market homes needed (1,450) to address projected (950 homes) and latent demand (500 homes) by 2025. This target will help to keep up with new demand for affordable housing, while also start to catch up to pre-existing needs.
- It is important to note that new housing created beyond the targeted amounts (totalling 3,400), will help to address the current pent-up demand, and relieve pressure on Victoria's housing supply.
- Adjusting the income bracket that delineates the target for 50% of all new housing to serve renters and 50% to serve owners based on more accurate information and analysis. The new targets have adjusted this target, to 50% of new supply to serve moderate incomes and below, rather than median incomes. New research and custom data from CMHC indicate that moderate income households are served by the rental market, and the transition to ownership takes place for above moderate-income earners. This adjustment is also in large part due by separating the 500 units of latent demand for non-market housing from the unit target totals. Although these have been separated, it is important to note that total number of affordable non-market units targeted (1,450 total units) remains consistent with the previous targets (1,417 total units).

4. Reporting Schedule

The Strategic Plan provides direction for staff to track and report progress on the amount of affordable housing created. High level estimates of new non-market housing units approved by Council, will continue to be reported through the Strategic Plan throughout the year. However, it is recommended that more detailed reporting be provided through the Housing Strategy Annual Review on an annual basis.

Since November 2018, several additional housing indicators are being tracked, including housing affordability and family units secured when approved by Council. This increased amount of data, together with a longer reporting period, will allow for more substantial analysis to occur and will provide for more accurate estimates. The outcomes will also better account for the multi-year horizon of development applications.

These metrics are currently being tabulated manually, which is a very resource intensive process. However, through the DOME project, we are planning system-wide improvements to our ability to track and report out on housing indicators through an automated enterprise data analytics platform. This will help us move away from manual information tracking. The project has already resulted in an improved data management and reporting tool, used to assist the recent OCP Annual Review and Housing Report creation processes. Through 2021, the IT department will be working on developing automated information tracking and reporting solutions for priority indicators and has established an ongoing process for improvement.

5. Housing Work Plan, 2021

When the *Housing Strategy Phase 2* was brought forward for Council consideration in 2019, recommendations were provided around which actions to commence first. This was based on a ranking system that favoured actions deemed to most rapidly and effectively improve affordable housing supply. The findings of the *Housing Needs Assessment* have reinforced the importance of the Housing Strategy's focus on supporting the expeditious development of affordable housing across the housing continuum, with emphasis on supporting those with the greatest need. In particular, the following housing needs are prioritized within the proposed work plan and are directly responsive to the *Housing Needs Assessment* findings:

- Victoria has a high proportion of households experiencing core housing needs, and there is a significant latent demand for affordable housing. Continued support, partnership and advocacy for new non-market affordable housing is integral to addressing these housing gaps.
- Homelessness persists as a significant regional issue, with increasing challenges for people who are experiencing homelessness to access services, due to COVID-19. Continued support, partnership and advocacy for shelter rate housing and support services are required.
- Families continue to face challenges in finding suitable and affordable housing in Victoria, often resulting in their relocation to other cities in the region.
- The existing rental housing stock is aging. The retention of aging stock and the development of new purpose-built rental housing is integral for ensuring sufficient rental supplies for Victoria's current and future population.
- Specific groups are most-at-risk and should be considered in future policies and programs, including single-income earning households, women-lead lone parent families, senior-lead households, as well as renters with very low, low, median and moderate incomes.
- There are also affordability gaps for the above moderate-income earners, for nearly any type of ownership housing (single-detached, townhouse, or condominium). Continued support for a

more diverse stock of entry level or below-market condominiums, and ground-oriented ownership options are important.

In June 2020, Housing Strategy priorities were revisited as part of COVID-19 recovery, resulting in some actions being expedited and new actions identified, and other actions temporarily put on hold while priority work occurred. As some of these actions have been completed and others continue to be a work in progress, it is recommended that the 2021 work plan focus on completing the COVID-19 recovery priorities, completing the other housing strategy actions that continue to be in progress, and resuming or commencing actions in the priority list that were either postponed or delayed. Please refer to Attachment 2 for the recommended 2021 work plan which includes both project work and daily housing operations. In particular, the projects recommended for 2021 are summarized in Table 2.

Table 2: Proposed 2021 Work Plan

Housing Strategy Actions	Status
1. Rental Business Licensing Bylaw	<ul style="list-style-type: none"> • In progress • Completion in early 2021
2. Rent Bank Pilot Program <i>*Exploratory and dependent on administration by external non-profit</i>	<ul style="list-style-type: none"> • In progress • Continuation in 2021
3. Missing Middle Housing project <i>*Includes considerations for zoning regulation updates and affordability</i>	<ul style="list-style-type: none"> • In progress • Completion in 2021
4. Village and Corridor planning <i>*Includes considerations for zoning regulation updates and affordability</i>	<ul style="list-style-type: none"> • In progress • Completion of phase 1 neighbourhoods 2021 • Commencement of phase 2 neighbourhoods 2021
5. Secured Rental Housing project <i>*Includes considerations for application of residential rental tenure zoning, incentives, and updates to the rental replacement policy</i>	<ul style="list-style-type: none"> • Resume in 2021
6. Family Housing Policy	<ul style="list-style-type: none"> • Resume in 2021
7. Secondary Suites program expansion	<ul style="list-style-type: none"> • Initiate in 2021
8. Identify pilot projects for Market Rental Energy and Seismic Upgrade Incentive Program (MaRRS)	<ul style="list-style-type: none"> • Resume in 2021
9. Prepare amendments to the <i>Official Community Plan, 2012</i> as part of the adaptive management framework, with specific amendments to align with the <i>Victoria Housing Strategy</i> and the <i>Inclusionary Housing and Community Amenity Policy, 2019</i> .	<ul style="list-style-type: none"> • In progress • Completion in 2021
10. Review and propose updates the Zoning Regulation Bylaw to simplify and expedite development approvals for affordable non-market housing	<ul style="list-style-type: none"> • Initiate 2021

The Renters' Advisory Committee also passed a motion on October 20, 2020, recommending that Council direct staff to prioritize the residential tenure zoning implementation plan for the City. As noted in Table 2, considerations for Residential Rental Tenure Zoning forms part of the Secured Rental Housing project, which is proposed to be resumed in early 2021, following the completion of the Rental Business Licensing Bylaw.

OPTIONS & IMPACTS

Option One (Recommended): Receive the Victoria Housing Strategy Annual Review for information, approve the proposed work plan for 2021, and approve updates to the Unit Targets.

This option will allow the City to achieve a greater understanding of how to address Victorian's current and future housing needs.

Option Two: Receive the Victoria Housing Strategy Annual Review for information, approve the City's Housing Unit Targets, but consider amending the proposed 2021 work plan.

Accessibility Impact Statement

There are no direct accessibility impacts associated with the adoption of this resolution. Work is continuing within the 2021 workplan to support key actions related to the recently approved Accessibility Framework, including review of design guidelines, updating design standards and specifications, and parking standards for new developments.

2019-2022 Strategic Plan

This work aligns with the actions in Strategic Objective Three: Affordable Housing.

Impacts to Financial Plan

This report does not create any impacts to the Financial Plan. The work plan proposed for 2021 in Attachment 2 can be accomplished if current staff vacancies are filled and using existing budgets.

Official Community Plan Consistency Statement

This report is consistent with the Official Community Plan, particularly Section 13: Housing and Homelessness.

CONCLUSIONS

Overall, the first year of implementation of the Victoria Housing Strategy Phase Two has been successful, making significant progress on actions while achieving objectives and targets. The Annual Review has provided a valuable opportunity for the City to consider achievements, challenges and outcomes. This report presents several immediate actions that the City can make to further improve housing outcomes over the coming years; creating new housing unit targets to monitor how Victoria's development trends are catching up and keeping up to current and future housing needs.

Respectfully submitted,

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Report accepted and recommended by the City Manager

List of Attachments

- Attachment 1: Victoria Housing Strategy Annual Review 2019
- Attachment 2: Housing Work Plan 2021