



Committee of the Whole Report

For the Meeting of July 29, 2021

To: Committee of the Whole **Date:** July 16, 2021
From: Karen Hoes, Director, Sustainable Planning and Community Development
Subject: Missing Middle Housing Initiative

RECOMMENDATION

1. That Council direct staff to:
 - a. Undertake broad consultation regarding policy and regulatory options for enabling missing middle housing while mitigating trade-offs consistent with the approaches outlined in this report.
 - b. Prepare amendments to the *Official Community Plan 2012 (OCP)* to better support missing middle housing forms, including the following changes:
 - i. Expand Development Permit Area (DPA) 15F to all properties designated Traditional Residential and update the Design Guidelines for Attached Residential Development.
 - ii. Increase the building height policies in the Traditional Residential designation from approximately two and two and a half storeys to approximately three storeys.
 - iii. Support up to 1.1:1 Floor Space Ratio (FSR).
 - c. Consider consultation under section 475(2)(b) of the *Local Government Act* and direct staff to refer the Official Community Plan Amendment Bylaw to the Capital Regional District Board, School District 61, Township of Esquimalt, District of Saanich, the District of Oak Bay, the Songhees Nation, the Esquimalt Nation, Island Health, the Province of BC, and the Federal Government.
 - d. Consider consultation under Sections 475(1) and 475(2) of the *Local Government Act* and direct staff to undertake consultation on the proposed amendments to the *Official Community Plan 2012* in accordance with the consultation plan in Attachment A.
 - e. Report back to Council with details of the feedback received, estimation of resource impacts, and seek instructions for drafting bylaw amendments.
2. That Council forward consideration of this motion to the August 5, 2021 Council meeting.

EXECUTIVE SUMMARY

This report introduces potential zoning approaches for a menu of missing middle housing options which respond to existing City policies, input gathered through early engagement, and insight from analysis of existing conditions, architectural testing, and economic analysis.

This menu establishes a framework for City-initiated zoning that would implement the Official Community Plan's broad support for ground-oriented housing. Zoning for this menu of housing choices would permit townhouses on block ends and houseplexes on either block ends or mid-block, while requiring green backyards and tree planting space as well as establishing new incentives for designation of heritage homes.

City-initiated zoning changes and simplifying the development approval process presents a significant opportunity to increase ground-oriented housing choices for families and other households seeking alternatives to the detached house. The zoning changes contemplated for missing middle housing also present opportunities to reduce barriers to accessibility in the city's Traditional Residential areas.

While significant benefits would be achieved with this initiative, staff have also identified trade-offs associated with adding housing on small sites in Traditional Residential areas. Accommodating more housing units on a standard-sized lot while continuing to preserve and grow the urban forest and provide usable outdoor space for residents means that only a limited portion of potential parking demand can be met by off-street spaces.

Similarly, City-initiated zoning updates to better accommodate the City's housing needs must also navigate trade-offs associated with the City's reduced ability to negotiate for other desired outcomes during the rezoning process. These include securing additional right-of-way to accommodate accessible sidewalks, boulevards with street trees, and ensuring implementation of Transportation Demand Management (TDM) measures to help offset vehicle parking shortfalls through sustainable mobility options for future residents.

Staff have attempted to find solutions and present the most promising options, but there remain a number of trade-offs that are proposed as the focal points for discussion during the proposed next phase of community engagement on the missing middle initiative.

PURPOSE

The purpose of this report is to present options for regulatory changes to make it easier to build missing middle housing, report on results of early engagement that informed these options, highlight challenges for further consideration, and seek Council direction on next steps in the process.

BACKGROUND

Official Community Plan Implementation

The Official Community Plan (OCP), adopted in 2012, already includes policies that encourage a variety of ground-oriented housing forms throughout the city in the Traditional Residential designation. This includes single-family dwellings with suites, duplexes, and townhouses.

Despite this supportive policy, the creation of missing middle housing has been slow compared to apartments, or even compared to the construction of new single-family dwellings, which often replace an existing house. For instance, from 2012 through 2019, while building permits were

approved for over 600 units either as single-family dwellings or suites therein, fewer than 250 missing middle housing units were approved.

Housing Units by Type of Residential Building Permit Approved

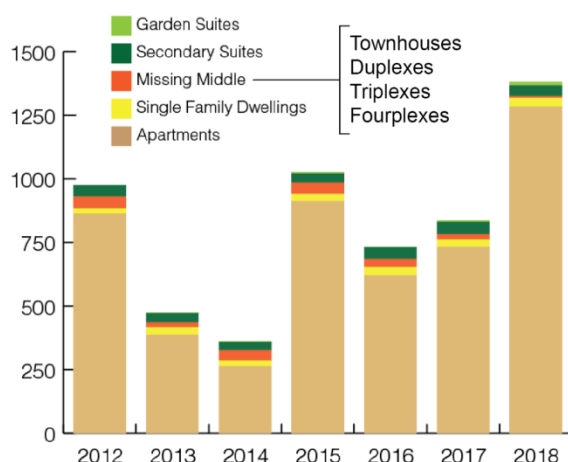


Figure 1 A graph of annual building permit approvals by housing type

The Missing Middle Housing initiative is focused on helping to realize and implement existing land use policies in the OCP by removing regulatory barriers and improving the process for building desired forms of missing middle housing in Victoria.

Strategic Plan Actions

The 2019-2021 Strategic Plan, includes the following actions listed under “[Strategic Objective #3: Affordable Housing](#)”:

- Undertake a citywide planning exercise to identify suitable locations for townhouses and houseplexes (2019)
- Support houseplexes as a form of multi-unit housing that provide a sensitive transition within neighbourhoods (2019)
- Support more family housing including townhouses and rowhouses (2019)
- Support new ground-oriented housing forms and lock-off suites (2019)
- Consider a comprehensive amendment to the Zoning Bylaw to permit all “Missing Middle” housing forms as of right without need for rezoning or development permit (2020).

Additionally, the Strategic Plan specifies a measurable outcome associated with “[Strategic Objective #3: Affordable Housing](#)” as follows:

- Increase the number of ‘Missing Middle’ housing units

Related Council Motion

Council approved the following motion relating to Houseplexes in Fairfield on April 11, 2019. For efficiency, response to this motion was deferred until this stage of the Missing Middle initiative, when preliminary economic analysis on the viability of houseplexes had been completed. Section

“4. Affordability and Viability” and Attachment C of this report provides information pertinent to the following motion:

6. *That Council direct staff to prepare a zoning bylaw amendment that would allow fourplexes as a right on lots between 6000 and 7499 square feet and sixplexes as a right on lots 7500 square feet or larger as long as:*
 - a. *The proposed buildings conform to Design Guidelines for Attached Residential Development: Fairfield Neighbourhood.*
 - b. *At least half the units in each building are affordable to very low to moderate income households on either a rental or ownership basis depending on the tenure of the building.*
 - c. *There are provision for onsite cycling storage and consideration of a car share.*
 - d. *Proposed new buildings meet the BC step code step 5 standard.*
 - e. *Direct staff to bring economic modeling and information on the viability of these types of projects back to Council with bylaws and that this information reflect Council’s desire to have the most affordability for very low to low-income households.*

Victoria Housing Strategy

The Victoria Housing Strategy Phase Two (2019-2022) incorporated all housing-related Strategic Plan actions, including the following actions specifically related to missing middle housing:

- Implement the OCP by undertaking a citywide exercise to identify suitable locations for townhouses and houseplexes, and prepare design guidelines to support more family and ground-oriented housing forms that fit well within neighbourhoods.
- Consider a comprehensive amendment to the Zoning Regulation Bylaw to permit Missing Middle housing forms as of right without a need for Council approval.

Council Direction on Missing Middle

At the Council meeting on November 28, 2019, Council received a report on the proposed approach to the Missing Middle initiative and passed the following motion:

That Council direct staff to:

1. *Establish zoning regulations, design guidelines and policy updates for missing middle housing forms citywide;*
2. *Conduct engagement to provide opportunities for the community to help shape the missing middle regulatory framework;*
3. *Identify suitable locations for missing middle housing forms;*
4. *Report back with recommendations for City-initiated rezoning;*
5. *That a strong affordability lens be applied throughout this process for the creation and loss of both rental and strata units.*

Relevant Policy Objectives

In addition to implementing the OCP and actions within the Strategic Plan and Victoria Housing Strategy, this initiative seeks to balance numerous objectives established by the City’s Sustainable Mobility Strategy, Climate Leadership Plan, Urban Forest Master Plan and Accessibility Framework.

The following objectives form key considerations for this project:

- Improve options for families to stay in the city
- Increase the supply and variety of ground-oriented housing
- Support car-light lifestyle, public transit service, and walkable neighbourhood centres
- Ensure the look and feel of new development is a good fit, supports social interaction and sense of place
- Support conservation of heritage and re-use of character homes
- Support a healthy urban forest
- Continue identifying and removing barriers to accessibility.

Process Overview

This report marks the completion of early engagement, analysis and identification of key options associated with a possible regulatory framework for missing middle housing.



Figure 2 process diagram for the Missing Middle Initiative

Summary of Early Engagement

Early engagement activities for the Missing Middle initiative began in March 2020 and continued into May 2021. These activities focused on raising awareness about the project and gathering insight into priorities, preferences, barriers, and opportunities for missing middle housing.

Early engagement activities included:

- Attendance at seven community association meetings to provide introductory presentations about the initiative during March 2020 (until in-person engagement was paused due to COVID-19 Provincial Health Orders).
- An online survey regarding land use priorities, housing needs and preferences, and desired design of missing middle housing launched on the City's *Have Your Say* virtual engagement platform. The survey gathered 191 responses between September 21 and October 19, 2020

and reflected a representative cross-section of participants by neighbourhood, housing tenure type, age and other demographic factors.

- Two workshops with housing builders focused on gathering insight about current challenges and opportunities for making it easier to deliver missing middle housing choices.
- Meetings with City advisory committees to seek feedback on emerging concepts in late-2020 and early-2021.
 - Renters Advisory Committee – November 17, 2020 and January 19, 2021
 - Active Transportation Advisory Committee – November 24, 2020
 - Heritage Advisory Panel – December 8, 2020 and January 12, 2021
 - Advisory Design Panel – February 24, 2021
 - Accessibility Advisory Committee – March 9, 2021

Please refer to Attachment B which provides a complete summary of early engagement activities and findings. The insight gained from this early engagement helped guide the framework of options presented in this report.

ISSUES & ANALYSIS

1. Zoning for a Diversity of Missing Middle Housing Forms

The following “menu” of missing middle housing options provide a framework for zoning that implements the OCP’s broad support for these forms of housing. These options build on existing zoning and housing forms anticipated through recent neighbourhood planning processes, and reflect additional insight from early engagement, assessment of existing site and block scale patterns, economic analysis, and architectural testing.

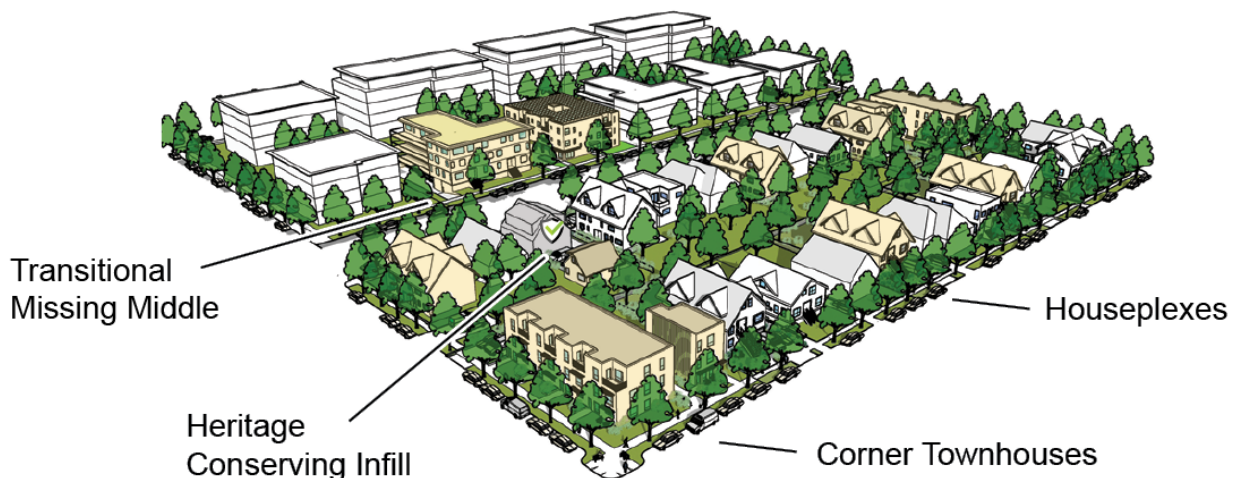


Figure 3 Overview of new missing middle housing options

a. Currently Permitted Housing Types:

Current zoning entitlements for single-family dwelling, duplex, and other permitted uses within the common R1-A, R1-B, R1-G and R-2 zones would continue to be permitted and would be carried

forward within zoning amendments that enable the addition of the missing middle housing options described in this report.

b. Secondary and Garden Suites:

Recent changes to the [BC Building Code](#) (2018) allow municipalities to permit secondary suites within ground-oriented multi-family buildings such as townhouses and houseplexes, if the dwellings containing secondary suites do not have any other dwellings above or below them. In addition to current opportunities, zoning for missing middle housing would align with these recent building code changes and allow suites, where possible, in missing middle housing.

This move aligns with objectives in the City's Housing Strategy Phase Two and input heard during early engagement by creating opportunities to increase the supply of housing in the secondary rental market, and particularly creating rental units with access to usable outdoor space. Further, these suites can act as mortgage helpers for new homebuyers and provide flexibility for aging in place or intergenerational housing. Garden suites will also still be permitted when associated with a single-family dwelling without a suite.

c. House Conversions

Current zoning entitlements for House Conversions would continue to be permitted and carried forward within zoning amendments that enable missing middle housing. The recently updated House Conversion Regulations allow a greater number of units for the same amount of floor area relative to the houseplex or townhouse options described in this report. Along with no requirement for off-street parking, these regulations will help to continue encouraging the retention and adaptive re-use of character buildings, rather than demolition for new construction of missing middle housing.

d. Heritage Conserving Infill:

Where owners of buildings with heritage merit agree to heritage designation, zoning would allow sensitive new construction either as an addition or standalone infill housing in the rear yard. This is in addition to the enhanced house conversion opportunities now afforded to heritage designated properties by the recently updated house conversion regulations. This “menu” option is intended to create a competing incentive to designate yet-unprotected properties with heritage merit instead of demolishing them to build other missing middle housing options.



Figure 4 Conceptual 3D model of heritage conserving infill

e. Houseplexes:

Houseplexes are very similar to house conversions, except they are newly built and designed for the purpose of containing multiple dwellings (triplex, fourplex, fiveplex etc.). They appear similar in size to a large historic house and can maintain the pattern of green usable backyards. While they could include secondary suites, garden suites would not be supported in conjunction with houseplexes because it would compromise the usable backyard and tree planting space.



Figure 5 Conceptual 3D model of a two and a half storey mid-block houseplex

f. Corner Townhouses:

Townhouses tend to deliver the highest proportion of two- and three-bedroom, family-oriented housing units compared to any other multi-family housing form. Although they are often configured with dwelling units sitting side by side, they could include suites, or be stacked where one townhouse unit sits above another.



Figure 6 Conceptual 3D model of a three-storey corner townhouse

g. Transitional Missing Middle Housing:

The transitional missing middle form is envisioned as a small apartment building that helps transition in building scale from the four- to six-storey buildings supported in Urban Residential or Urban Village designated areas to the two-and a-half to three-storey scale of missing middle and other smaller scale buildings in Traditional Residential areas. Policy changes could establish support for this housing form in locations adjacent to higher intensity land use designations; however, staff would recommend requiring rezoning applications for these to benefit from Council's consideration of a full variety of case-specific considerations when reviewing these applications. For instance, feedback received during early engagement cautioned against encouraging redevelopment of lands that could play an important role in future creation of urban residential-scale rental apartment buildings or other more efficient use of land for the creation of housing.

2. Ensuring an Appropriate Fit

Analysis of existing conditions and typical lot sizes throughout Traditional Residential areas, along with input gathered through early engagement helped to identify desirable characteristics and design elements that missing middle housing should strive to maintain while increasing housing choice in these areas. These include:

- usable open back yard spaces
- strong orientation of buildings to fronting streets
- minimized overlook on neighbouring properties
- shared driveways to parking that is detached from units.

Common Design Elements Evident in Traditional Residential Areas

Height and Scale:
2 - 3 floors of living space above ground, with semi-submerged basement

Roof Forms:
Steeply pitched roofs with dormers incorporating living space, or more contemporary roof forms like flat or shed roofs are common

Relationship to Street:
Entries and primary living spaces located close to and clearly visible/accessible from street

Parking:
Detached from buildings, shared driveways

Case Study: Design Elements Expressed in Townhouse Form



Block-Scale Patterns



Figure 7 An illustration summarizing key patterns and design elements common to Traditional Residential areas that help buildings relate positively to the street, support livability, social interaction, and neighbourliness.

In response to these characteristics, the following approaches to zoning will help missing middle housing forms fit well within the context of Traditional Residential areas:

- **Maintain the pattern of house-sized buildings within the building footprint zone** along the middle of a block by establishing maximum building footprint dimensions for houseplexes like the footprint of a large house. In keeping with existing block scale patterns, houseplexes are also supportable in corner locations.
- **Maintain the pattern of green, usable backyards in the interior of the block** by establishing a generous rear yard setback as the greater of 10m or 35% of the lot depth, reducing parking requirements (see later section of this report), and allowing two parking spaces in the front yard as currently supported by the Attached Residential Design Guidelines (DPA 15F). Eliminating the need for a driveway to paved parking in the rear yard also significantly reduces impervious surface area on a site and better facilitates achievement of the City's Rainwater Management Standards (see later section on proposed design guideline updates).
- **Mitigate shadowing and perceived building mass** through a maximum height for houseplexes that facilitates three floors at or above grade, combined with a restriction that a third above-grade floor can only be 70% of the area of any lower floors (i.e. a "half storey"). This approach encourages buildings either with habitable space in a peaked roof or a semi-submerged building with three full floors of living space.
- **Limit townhouse sized buildings to the corners** by only allowing the larger maximum building dimensions for a row of townhouses in corner locations. This would ensure these more substantial buildings don't reach into the middle of the block, further supporting the pattern of houseplex sized buildings and back yards in the mid-block.
- **Minimize overlook on adjacent lots** by requiring buildings to be oriented to the street so that the side of buildings face adjacent lots. For corner townhouses, requiring a minimum lot width of approximately 18m would afford sufficient site area between the street fronting townhouses and the interior lot line to reduce overlook on the adjacent property.

3. Updated Design Guidelines for Missing Middle Housing

To further reinforce high-quality design and livability of missing middle housing, it is recommended that Development Permit Area 15F be expanded to all Traditional Residential areas, to work in tandem with proposed zoning changes. This will ensure that updated Attached Residential Design Guidelines guide the development of all new missing middle housing. These guidelines currently apply only to Fairfield, with a separate version applying to Victoria West.

The guidelines are a product of substantial community engagement regarding ground-oriented housing undertaken during the Victoria West and Fairfield neighbourhood planning processes. They are premised on making a positive contribution to the existing neighbourhood fabric as it continues to evolve and transition to meet changing needs over time. They strongly encourage attractive and neighbourly buildings that are oriented toward social activity, ensure a good fit between old and

new, maximize livability for residents and uphold broader City objectives regarding tree retention and planting as well as rainwater management.

Based on early engagement feedback and technical analysis completed so far through the missing middle initiative, staff have identified possible updates to these design guidelines to align with the menu of missing middle housing options outlined within this report. Proposed updates are outlined in Attachment D, and further updates will be informed by public input gathered during the next round of community engagement.

4. Affordability and Viability

The following approaches to zoning are intended to help ensure that missing middle housing improves housing choices and creates lower cost alternatives to the detached house:

- ***Ensure missing middle housing improves housing choices for families and other households*** by requiring a minimum proportion of two- and three-bedroom units out of the total units in a missing middle development.
- ***Discourage future small lot rezoning and panhandle subdivisions*** through policy and zoning changes that make this available only for the heritage conserving infill option. Panhandle subdivisions and small lot houses tend to reduce green, usable backyards, weaken tree protection measures, and create missed opportunities for more land-efficient provision of ground-oriented housing that generally costs less than the new detached houses created through either form of subdivision.

To create hypothetical projects for economic analysis, the City worked with Christine Lintott Architects to architecturally test code compliant buildings corresponding to the menu of missing middle housing options. This testing provided insight into the total floor areas and average unit sizes that could realistically be achieved and highlighted size thresholds after which more complex and costly requirements associated with Part 3 of the [BC Building Code](#) come into play (e.g., sprinklers, additional fire exit stairwells).

The economic analysis provided by Coriolis Consulting (see Attachment C) assumed that no rezoning process was needed to build these housing forms, and concluded the following:

- The envisioned forms of missing middle housing are either not viable or have marginal viability in most parts of the city.
- There is little to no room for missing middle projects to provide amenity contributions, rental housing, or affordable housing.
- Even if enabled through City-initiated zoning changes, the lack of economic viability also suggests that the pace of missing middle development would be modest.
- For it to be financially attractive to build missing middle housing, the City would likely need to zone for:
 - three-storey buildings and gross floor area to lot size ratios of roughly 1:1 density
 - at least four to five modestly sized units per lot
 - flexibility on off-street parking requirements.
- Due to high costs of renovating a heritage building, financial viability of heritage conversions are likely marginal, and thus the City should consider maximizing additional infill allowed with heritage designation and conversion to incentivize protection over demolition.

In certain parts of the city, the corner townhouse form is an important exception to these broader conclusions. The townhouse form demonstrates some viability in parts of the city referred to as “medium” and “high value areas,” where the new units would be priced toward the higher end of the market. As noted in the next section of this report, there may also be cases where zoning changes could encourage people to create missing middle housing despite the marginal economic viability.

It is also worth noting that, despite its greater total floor area, the small apartment form was consistently found to be not economically viable. This is due in large part to the assumption of including an elevator, as well as Part 3 of the *BC Building Code* requirements (e.g., dual stairwells for additional exiting) are triggered by this form of development. These factors increase construction costs and reduce the efficiency of sellable floor space within the building.

The economic analysis suggests there is potential to improve the economic viability of missing middle housing up until the housing forms trigger Part 3 *BC Building Code* requirements. Modifications to the missing middle menu options could include some combination of more permissive building heights (e.g., allowing three full storeys at grade for houseplexes, or possibly a semi-submerged three-and-a-half-storey form), supporting a 1:1 or even slightly higher Floor Space Ratio (FSR), and/or larger building footprints. The trade-offs associated with more permissive parameters for potential zoning changes to encourage more missing middle housing choices are envisioned as a key focus for the next round of public engagement on this initiative.

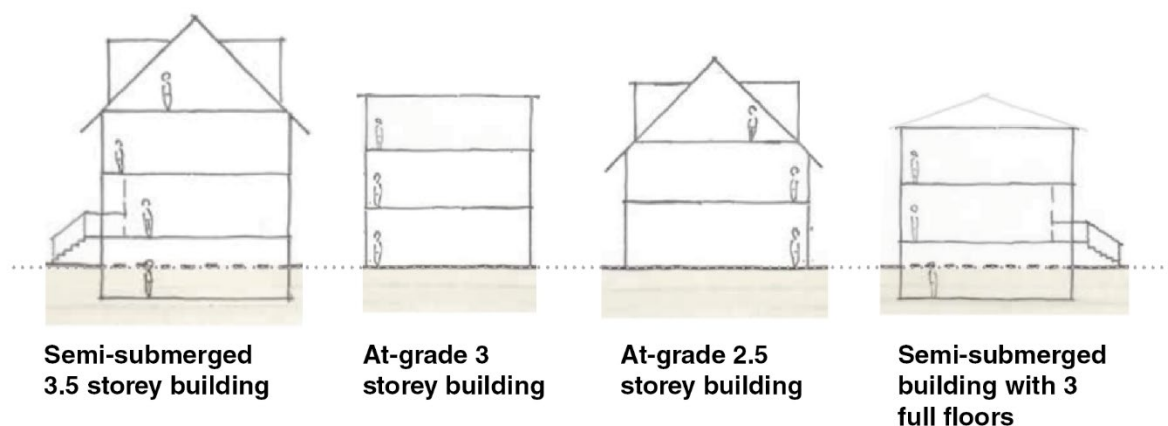


Figure 8 Diagrams showing 2.5 to 3.5 storey buildings either at grade or with semi-submerged basements.

While the next phase of this project will further explore any modest contribution opportunities that may exist (see section “6. Density Bonusing for Amenity Contributions”), this economic analysis provides a response to Council’s motion from April 11, 2019, cited in the background section of this report, regarding houseplexes in Fairfield. The analysis demonstrates that it is highly unlikely that four or sixplexes could provide half of the units in each building as affordable to very low to moderate income households on either a rental or ownership basis. The next section focuses on strategies for maximizing the potential affordability and amenity contribution outcomes associated with zoning for houseplexes and other forms of missing middle housing.

5. How Zoning Changes Can Improve Housing Choice

Despite the marginal economic viability, City-initiated zoning changes for the missing middle forms already tested could still facilitate the creation of missing middle housing and improve housing choices.

- **Removing a key barrier to housing creation:** Early engagement feedback and the economic analysis highlighted that removing the barrier of rezoning was one of the most critical opportunities for making it easier to build missing middle housing. Builders may be interested in proceeding with missing middle housing projects despite the expected marginal financial performance if sites are pre-zoned by the City.
- **Facilitating intergenerational or co-housing:** This zoning change could also open a pathway for less conventional housing builders who may be intimidated by the rezoning process, such as those considering building their own co-housing or intergenerational housing options.
For example, a few households or multiple generations from the same family could pool resources or use already owned land to build missing middle housing that suits their unique needs. Based on the 2016 Census there are roughly 7,700 homeowners in Victoria without any mortgage, indicating there is a significant amount of homeowner equity that could be leveraged to finance missing middle housing in these situations.
- **Strengthen applications for funding/financing:** The increased certainty and simplified process created by such zoning changes could significantly improve the ability of a landowner to secure financing, including through BC Housing's Affordable Homeownership program.

In exchange for delivering below-market ownership units that can be sold to qualifying buyers, this program provides landowners with construction loans that may cover a higher proportion of the project costs and at lower interest rates than conventional development financing. The savings associated with the construction loan and the simplified approval process would be passed onto middle income homebuyers. Staff level discussions with BC Housing and the Capital Regional District provide early affirmation of their respective programs' ability to scale administrative capacity according to the demand affordable home ownership agreements.

- **Economic conditions can change:** It is important to note that this economic analysis is a snapshot in time, reflecting current economic conditions.
As suggested by the greater viability of missing middle projects in higher value areas, if the price of new housing continues to rise, these projects could begin to make economic sense in more areas of the city over the long term.

6. Density Bonusing for Amenity Contributions

The Traditional Residential area envisions the lowest densities in the city and therefore, did not anticipate a density bonus system. The economic analysis demonstrates that the modest densities near 1:1 FSR, generally consistent with the OCP, generally leave little to no room for amenity contributions – even when factoring in that City-initiated zoning changes remove the costs and uncertainty of the rezoning process. Despite this, it may be possible to density bonus for modest cash contributions which can accrue, at the city-wide scale, to support the creation of affordable housing in other locations while also supporting other local amenities.

Should this be pursued, a base density for newly enabled missing middle uses would be set at roughly the same density currently enabled by the common zones in Traditional Residential areas (generally equivalent to 0.5:1 FSR). The bonused density could then be set at the maximum supportable FSR for each missing middle housing type and would be achievable where applicants provide the specified cash contribution.

Aligning with the City's [Inclusionary Housing and Community Amenity Policy](#), this cash contribution could be split with 70% going toward Victoria's Affordable Housing Reserve Fund and 30% allocated to the Local Amenities Fund. Further economic analysis is needed to confirm a contribution rate relative to bonus floor space that would be sufficiently modest to avoid discouraging applicants from building missing middle housing.

This analysis is planned to follow the next round of engagement, which will help confirm supportable parameters for recommended zoning. It will also explore any potential for contributions, such as delivering some portion of units as secured below-market homeownership units, which could be alternatives to the cash contribution option. Heritage designation, associated with the heritage conserving infill housing option, would be considered the amenity justifying the bonused density, and thus these projects would not also need to provide the cash contribution.

Given the very limited ability to provide amenity contributions, and the potential of using density bonusing for any potential cash contribution, missing middle housing forms are a good candidate for city-initiated zoning changes; avoiding zoning changes for the sake of negotiating contributions site-by-site would be unlikely to yield any more meaningful level of contributions.

7. Heritage Conservation

Along with increasing housing choice and balancing the other objectives identified for the Missing Middle initiative, it seeks to continue encouraging conservation of heritage and re-use of character homes. A key concern implicit in this objective, and articulated by the Heritage Advisory Panel, is that allowing missing middle housing through broadly applied zoning changes could create incentive for demolition and redevelopment of unprotected buildings with heritage merit. The heritage conserving infill "menu option" provides an incentive-based response to this concern. This opportunity would be available through a density bonus option only available to properties that qualify for and agree to heritage designation.

In addition to conversion of the designated building, as currently incentivized by the City's recently updated [House Conversion Regulations](#), this option could allow for construction of an addition and/or new standalone building. The high cost of rehabilitating and ensuring heritage buildings comply with the building code means reducing expectations for heritage conserving infill to accomplish other objectives related to green open backyards and ample tree planting space. Further, an envisioned city-wide missing middle policy document could include clear direction for staff and applicants that the heritage conserving infill option is strongly encouraged over demolition of heritage merit for new construction.

Key approaches to zoning for heritage conserving infill:

- ***Allow development in the rear yard while minimizing overlook*** by reducing the minimum rear yard setbacks for heritage protected properties in Traditional Residential areas and not requiring the space (35m²) for the root zone of a large canopy tree, while also providing clear direction for building orientation and window placements that minimize overlook. Despite not requiring this space, the design guidelines would still guide a thoughtful approach to landscaping, and smaller trees may still be feasible even if a large canopy tree cannot be accommodated. These setbacks to facilitate infill building placement would apply to all heritage protected properties, regardless of when they became protected. This means the regulations could also allow new housing to be built behind already protected heritage buildings if sufficient floor space remains available through the zone's base density.

- **Maximize incentive for heritage conservation** by offering a bonus density up to 1.1:1 FSR to homeowners who heritage-designate their property and allow unit sizes aligning with the House Conversion Regulation's requirement of 46m² (~ 495 ft²) of habitable floor area for each additional self-contained dwelling unit in heritage conversions. This opportunity for bonus density through heritage designation would be available only to properties that are not yet designated and are listed on the Heritage Register or become listed in advance of designation.

8. Accessibility

The following approaches to zoning are intended to help ensure that missing middle housing helps to remove barriers to the accessibility of ground-oriented housing:

- **Improve accessible, ground-oriented housing choices** by requiring at least one adaptable unit in corner townhouse developments. Without a sloping site, achieving this may require the first floor to be at-grade, eliminating the additional floor space possible in a building with a semi-submerged basement. To provide sufficient buildable floor space for economic viability, the zoning would allow three full storeys above grade for buildings in these corner locations.
- **Accessible Parking:** Require at least one van accessible parking stall where an adaptable unit is required (i.e., corner townhouses), and at least one accessible parking stall in all missing middle developments. This approach aligns with best practices evident from cities such as Edmonton and Vancouver that have, or are considering, broadly eliminating parking requirements while maintaining requirements for accessible parking.
- **Incentivize accessibility and family friendly storage spaces** by exempting a modest amount of contiguous storage space near the main unit entrance that could be used to accommodate mobility devices, or by families for storing strollers or car seats. Through early engagement, we heard that indoor storage space was one of the desired characteristics of new housing. This storage space exemption also helps avoid improper use of exempted bicycle storage space for other storage needs.
- **Support accessible sidewalks and street tree planting space** by providing bonus density for road dedication where current road widths are deficient and not wide enough to achieve standard sidewalk widths, address utility poles and other accessibility obstructions, and the creation of boulevard widths that support the long-term viability of street trees. Allowable floor space would still be calculated based on the pre-dedication lot area.

The absence of a rezoning application process limits the City's ability to negotiate for amenities such as Statutory Rights-of-Way (SRWs). Should Council choose to make zoning changes to enable missing middle housing choices, the approach of density bonusing for right-of-way dedication is recommended as the best option for continuing the City's approach to meeting these objectives and improving the public right-of-way for all users. When pre-zoning for townhouses, the City of North Vancouver also established a density incentive structure requiring a right-of-way dedication among other amenities.

9. Challenges and Potential “Trade-Offs”

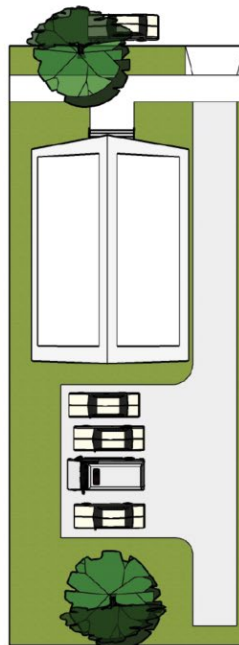
Adding missing middle housing on individual parcels and lot assemblies for corner townhouses poses a challenging tension between allocating site space for housing, the urban forest and outdoor activities, and space for motor vehicle parking. Site planning is typically forced to compromise on at least one of these three objectives. The compromise apparent in recently approved houseplex projects is paving backyards for motor vehicle parking at the cost of usable green open space and canopy trees on private property.

This tension either reduces the potential for increasing housing choice or increases the pressure on public property to accommodate whichever objective is minimally addressed on the private property (trees or motor vehicle storage). For instance, reducing parking requirements while adding housing is likely to increase demand for on-street parking in the interim. In the near future, the City anticipates enhancing requirements for TDM measures and more efficient curb management practices such as residential parking permits. This may help alleviate this pressure through reduced vehicle ownership rates and better utilization of off-street vehicle storage capacity.

Parking and green space with minimal housing



Housing and 1:1 parking with minimal green space



Housing and green space with minimal parking

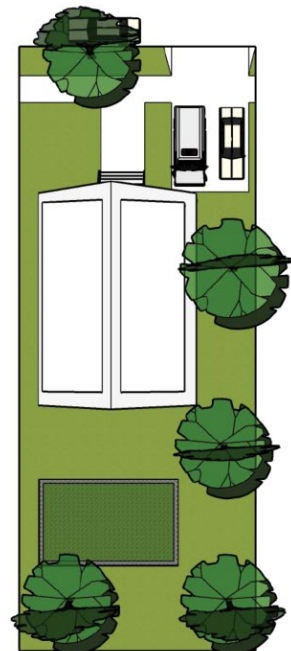


Figure 9 Three site plans showing each alternative scenarios in which two out of three objectives at the cost of the remaining objective. The three competing objectives are space for housing versus parking versus trees and open space.

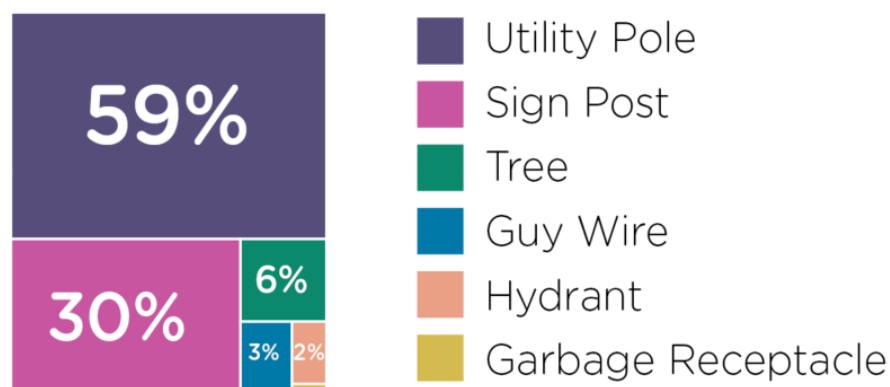
a. Public Realm, City Right-Of-Way and Development Servicing

Additional right-of-way is sometimes requested and secured through the rezoning process to ensure that the right-of-way meets the standards established in the Subdivision and Development Servicing Bylaw (SDSB). This bylaw outlines “typical” road allowances by road classification as well as the minimum sidewalk and boulevard widths as part of the “works and services” standards for development. On major roads, additional right-of-way also supports adding or improving cycling facilities to address road safety issues and/or support transit operations and shelters for passengers that support a growing city through sustainable and efficient modes of transportation.

Although City-initiated zoning changes to facilitate missing middle housing would eliminate the need for a rezoning process, the density bonus structure outlined earlier in this report could still provide a strong incentive to encourage dedication of rights-of-way, consistent with the SDSB. This would help achieve accessible sidewalks (e.g., wide enough for wheelchair users, free of obstructions like sign and utility poles, and outside of curbside garbage and recycling staging areas), and sufficient planting space for street trees. Approximately 19,000 trees are located within the street right-of-way. Unfortunately, the growth of street trees is often limited by underground servicing, overhead utilities and building setback conflicts. However, securing sufficient right-of-way through redevelopment helps ensure new and replacement street trees have room to grow, retaining the character of the street and providing much-valued canopy cover across the City.

There is notable variability in both street tree canopy cover and sidewalk obstructions across the municipality – for instance sidewalk obstructions are particularly prevalent in Oaklands, North Park, and James Bay. Securing this right-of-way, where needed, through the proposed density bonus for dedication can help address these inequities. It also ensures future city-led road retrofits for sidewalk widening can be completed in a cost-effective manner. If sufficient right of way is not secured, sidewalk widening may mean more costly solutions are required, such as moving the existing curb alignment into the roadway with associated impacts to underground utilities, on-street parking, and sustainable mobility objectives.

Sidewalk Obstructions by Type



Source: 2019 Sidewalk Survey Data. Obstructions restricting Pedestrian Clear Zone to <0.9m.

Figure 10 Prevalence of sidewalk obstructions by neighbourhood

b. Urban Forest

Victoria's urban forest consists of approximately 150,000 trees, with three-quarters of the urban forest located on private land. The urban forest is proven to support individuals' mental and physical health and provides well-established environmental benefits. The value of the urban forest is critical as the City adapts to the accelerating effects of climate change and accommodates more people and housing.

Continuing to require even a 1:1 ratio of parking spaces to dwelling units for missing middle housing could have significant implications for Victoria's urban forest over the long term. The City has outlined a target to reduce the dependence on personal vehicles. As a result, demand for motor vehicle storage may decline in the coming decades with sustained investments in safe, connected alternatives including transit, cycling, and shared mobility, along with parking management strategies such as metered parking and permit parking. Given these forward-looking considerations and the long-term nature of zoning changes, possible reductions to parking requirements are outlined in the next section (c. Motor Vehicle Parking). This section also highlights work critically needed in the short term to facilitate housing creation and mitigate pressures on the urban forest associated with current vehicle ownership rates and associated parking demand.

Aligning with and building on the recently adopted Tree Protection Bylaw's requirement for a minimum number of trees, the below approach to zoning is intended to ensure all missing middle housing forms include space for a large canopy tree, or multiple smaller canopy trees:

- **Protect space for trees** by requiring enough space on each site for a large canopy tree's root zone (an area of roughly 35 m² with no side less than 4 m wide), which cannot be paved or have any structures above or below it, including underground parking.

c. Motor Vehicle Parking

Without updated city-wide parking requirements, including formalized TDM measures, and the concurrent introduction of parking management strategies for existing parking supply, reducing or eliminating parking requirements associated with missing middle housing will shift parking demand to the public right of way. Responding to the tensions between housing, parking, and urban forest objectives, the City's Parking Modernization project, to be initiated in 2022 pending resources, is especially timely and important to follow any zoning changes Council may choose to approve for missing middle housing. This project will update current off-street parking requirements (reduced minimums, potential maximums, shared parking), and formalize transportation demand management strategies.

Similarly, these tensions highlight a critical need to initiate strategies to better manage any on-street vehicle parking spillover on public streets. This includes, reviewing the existing Residential Parking Only program, introducing permit parking in high-demand areas, encouraging turn-over through time-limited and metered parking, and identifying potential resourcing required to manage and enforce changes. Completing this work in coordination with city-wide changes to off-street parking requirements will reduce interim demands for off-street parking and reduce competition for curb space to ensure the city can also deliver on sustainable and accessible mobility, passenger loading, transit, and commercial loading and delivery objectives.

Informed by project objectives and what we heard through early engagement, the menu of missing middle housing options generally reflects a requirement for at least two off-street parking spaces per site. This minimum requirement supports the earlier noted recommendation to require accessible parking spaces in all missing middle developments. While economic analysis suggests that corner townhouse forms with less than a 1:1 parking ratio may have reduced economic viability, site plan analysis suggests that provision of more than two parking stalls in the tested corner townhouse form makes it difficult to provide usable outdoor space and space for a large canopy tree on the site. The Attached Residential Design Guidelines in effect for Fairfield already provide guidance for how two parking stalls (so far, associated with a duplex) can be successfully configured in the front yard of a standard sized (e.g., 555 m²), mid-block parcel while upholding other site planning objectives.

To compliment the reduced motor vehicle parking requirements, staff also propose requiring missing middle housing developments that result in three or more self-contained units to have both long-term and short-term bicycle parking. In particular, at least two long-term bike parking stalls per dwelling are proposed, two short-term bike parking stalls or 0.25 stalls per dwelling unit (whichever is greater), as well as requirements for electric outlets.

10. Policy Updates

In addition to advancing new zoning regulations, staff also propose to consolidate and update missing middle housing-related policies contained in neighbourhood plans into a single city-wide missing middle housing policy document. It would serve as a one-stop-shop for more detailed policy guidance for missing middle housing proposals requiring rezoning applications, including the 'Transitional Missing Middle' menu option, or if zoning variances are proposed. This would include updating policies in older neighbourhood plans that pre-date adoption of the OCP as well as ensuring alignment of policies in recent neighbourhood plans with the menu of missing middle options.

11. Public Consultation

OCP amendments to expand DPA 15F, support up to three storeys, and 1.1 FSR in Traditional Residential areas will require consultation in accordance with the *Local Government Act*. As per the Act, Council must consider the appropriate amount and type of consultation opportunities with the persons, organizations, and authorities it considers will be affected, and the local government (City of Victoria) must provide one or more opportunities for consultation with these parties in addition to the public hearing. Specifically, Council must:

- (a) consider whether the opportunities for consultation with one or more of the persons, organizations and authorities should be early and ongoing; and
- (b) specifically consider whether consultation is required with the following:
 - (i) the board of the regional district in which the area covered by the plan is located, in the case of a municipal official community plan;
 - (ii) the board of any regional district that is adjacent to the area covered by the plan;
 - (iii) the council of any municipality that is adjacent to the area covered by the plan;
 - (iv) first nations;
 - (v) boards of education, greater boards and improvement district boards;
 - (vi) the Provincial and Federal governments and their agencies.

In addition to the consultation plan outlined in Attachment A, it is recommended that the OCP amendments be referred as follows:

- To the Capital Regional District, School District 61, the Township of Esquimalt, District of Saanich, and the District of Oak Bay, given the adjacency of portions of the Traditional Residential areas with regional parks, schools, and neighbouring municipalities.
- To the Songhees Nation and Esquimalt Nation, as the area affected by these amendments is located within their traditional territories.
- To Island Health as well as the provincial and federal governments, as they own property within the Traditional Residential areas affected by these OCP amendments.

- That broad community engagement be undertaken through a variety of methods to gather feedback on the key challenges, trade-offs, and potential mitigation strategies associated with the policy and regulatory changes contemplated in this report. This will include consultation, as directed by Council, on associated OCP Amendments.

12. Project Next Steps

Based on what we hear from this community engagement, it is proposed to report back to Council with a summary of the feedback received, findings of additional analysis, draft OCP Amendments and policy updates, and seek Council's instruction on drafting bylaw amendments as well as a city-wide missing middle policy document for Council's consideration.

OPTIONS

Option 1.a) (Recommended) – Continue advancing City-initiated zoning changes and undertake public consultation to further inform policy, guideline and zoning amendments.

It is recommended that broad consultation be undertaken on OCP amendments, policy updates, and options and trade-offs associated with possible City-initiated zoning changes to enable the creation of more missing middle housing choices while balancing related objectives including urban forest, heritage and accessibility. This feedback will be combined with additional analysis to inform the drafting of policy updates and bylaw amendments. Staff propose to report back with details of the feedback received and how that feedback as well as additional analysis informed proposed bylaw amendments.

Following any zoning changes Council may approve for this initiative, staff recommend a two-year monitoring period, and would report back to Council on the findings and any recommended improvements. In the event monitoring shows any clear pattern of negative impacts, staff would report back to Council sooner.

Option 1.b) (Recommended) – In addition to Option 1.a), consider delegating further approval authority to staff for development permit applications.

Delegating approval authority of development permit applications to staff can significantly improve the ease, certainty, and timeline for building missing middle housing and reduces the load of development applications that require Council review. Early engagement with the development industry also identified delegated approvals as a key opportunity for making it easier to build missing middle housing.

If Council proceeds with City-initiated zoning changes, staff also recommend that Council consider amending the Land Use Procedures Bylaw to delegate approval authority of development permit applications to staff for missing middle housing forms in DPA 15F. This is contingent upon expanding design guidelines that were prepared for attached residential housing forms in Fairfield and Vic West, across the rest of the Traditional Residential areas of the city. These guidelines would be considered by the public and Council before taking effect and would improve the quality of missing middle developments. The simplified delegated process creates a strong incentive for applicants to ensure compliance with zoning and design guidelines. However, any applications proposing variances would continue to be considered by Council.

Council could also direct staff to continue exploring possible zoning changes without a delegated development permit process. Continuing to require Council approval of development applications would reduce the time savings, increase uncertainty, and project costs.

Option 2 – Do not proceed with zoning changes, but update City policies and guidelines for Missing Middle housing forms

In considering the issues and analysis provided in this report, Council could direct staff to discontinue consideration of City-initiated zoning changes. However, staff would continue to recommend policy and design guideline updates. Continuing with this aspect of the work would help update existing policies in older neighbourhood plans to ensure objectives within the OCP are achieved during future rezoning applications, as well as significantly improving the design outcomes for ground-oriented housing in Traditional Residential areas.

IMPACTS

Accessibility Impact Statement

Potential zoning changes for missing middle housing could help to remove barriers to accessibility in ground-oriented housing by requiring accessible parking spaces with all new missing middle housing, requiring a portion of missing middle housing include adaptable units, and creating incentives for the creation of storage space usable for mobility devices and the dedication of right of way needed to achieve more accessible public sidewalks.

2019 – 2022 Strategic Plan

This project is focused on implementing actions 14 and 17 listed under Strategic Plan Objective 3, Affordable Housing.

Impacts to Financial Plan

If Council directs staff to proceed with zoning updates to better facilitate missing middle housing forms, it is anticipated that there will be resource impacts. While there may be a reduction in rezoning applications in Traditional Residential areas, there would likely be an increase in development permit applications. The magnitude of this resource impact will also depend on whether or not Council chooses to delegate approval authority to staff to approve development permits. While a delegated process would help applicants provide missing middle housing forms more quickly, it will require staff time to process the increase in application volumes. However, a City-initiated zoning change without delegating development permit approval authority to staff would lead to far greater additional staffing needs as there is a more substantial workflow for reporting to Council relative to a delegated process.

At this time, it is estimated that one new full time planning position would be needed, at an ongoing cost of \$130,000. This financial impact is being foreshadowed at this stage, however, if Council proceeds with this initiative, staff will bring forward more formal recommendations on this at future reporting.

Official Community Plan Consistency Statement

The missing middle housing initiative is generally consistent with the OCP as it seeks to implement the policies associated with the Traditional Residential urban place designation. However, OCP amendments are contemplated to better facilitate missing middle housing forms through supporting

approximately three storeys rather than two and two-and-a-half-storeys, increasing supportable FSR to 1.1:1, and to strengthen design guidance by expanding DPA 15F to apply to all Traditional Residential areas.

CONCLUSION

The City of Victoria has a strong foundation of policy to support missing middle housing forms in the city. Council has directed staff to implement these policies, further removing barriers to the creation of these housing choices by improving the regulatory framework and recommending suitable locations for City-initiated rezoning. This report outlines zoning and policy directions that can inform a robust public discussion before staff report back to Council with recommended zoning amendments and policy changes.

Respectfully submitted,

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Community Planning Division

Karen Hoesel
Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager: _____

Date: _____

List of Attachments

- Attachment A – Consultation Plan on Proposed OCP Amendments for the Missing Middle Initiative
- Attachment B – Missing Middle Early Engagement Summary
- Attachment C – Summary of Preliminary Financial Analysis for: Missing Middle Housing Typologies and Heritage Conversions
- Attachment D – Proposed Updates to Design Guidelines for Attached Residential Development in Fairfield for future city-wide use