



## Committee of the Whole Report For the Meeting of December 2, 2021

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**To:** Committee of the Whole **Date:** November 19, 2021  
**From:** Karen Hoesel, Director, Sustainable Planning and Community Development  
**Subject:** **Victoria Housing Strategy Annual Review 2020**

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### RECOMMENDATION

That Council direct staff to:

1. Receive the Victoria Housing Strategy Annual Review 2020 for information.
2. Approve the 2022 Prioritization of Housing Strategy Actions in Attachment B to this report.

### EXECUTIVE SUMMARY

The purpose of this report is to present Council with the Victoria Housing Strategy Annual Review. The *Victoria Housing Strategy Phase Two 2019-2022* was adopted July 2019, and guides City policy and initiatives to meet diverse needs of residents across the housing continuum. This report summarizes the Strategy's achievements throughout 2020, identifies emerging challenges, and recommends actions of focus for 2022.

The *Victoria Housing Strategy Annual Review 2020* provides an overview of the shifting housing conditions and progress made on housing targets during the second year of implementation. Overall, significant progress has been made since the adoption of the Strategy, with 31 of 45 actions moving forward. This includes four actions completed, 11 underway, ten ongoing, 4 delayed, and three new actions that were added. The City is currently on track to achieving its housing targets of 50% of all new housing being affordable to moderate incomes and below, and there are currently just over 1000 units of non-market affordable and below-market housing either approved in 2020 or in stream.

This report also includes a proposed housing work plan for 2022. The continued implementation of the Victoria Housing Strategy through the work plan is contingent upon Council approval of the \$250,000 budget requested as part of the 2022 budget process.

### PURPOSE

The purpose of this report is to present Council with the *Victoria Housing Strategy Annual Review 2020* which summarizes the Strategy's achievements, challenges, and outcomes that year, and recommends a 2022 housing work plan for next year.

**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 45 actions, organized by five focused goals. In October 2019, Council created a new action, to encourage the creation of housing for artists.

Of the 45 actions, 11 were prioritized for initiation in 2019-2020, and an additional 10 were prioritized for initiation in 2021, based on the City’s capacity, resources and the actions’ direct impact on the creation and preservation of housing.

In June 2020, Council re-prioritized actions of the Strategy to respond to the COVID-19 pandemic and the mounting housing insecurity faced by renters. Two existing actions were re-prioritized and two new actions were added. These actions included:

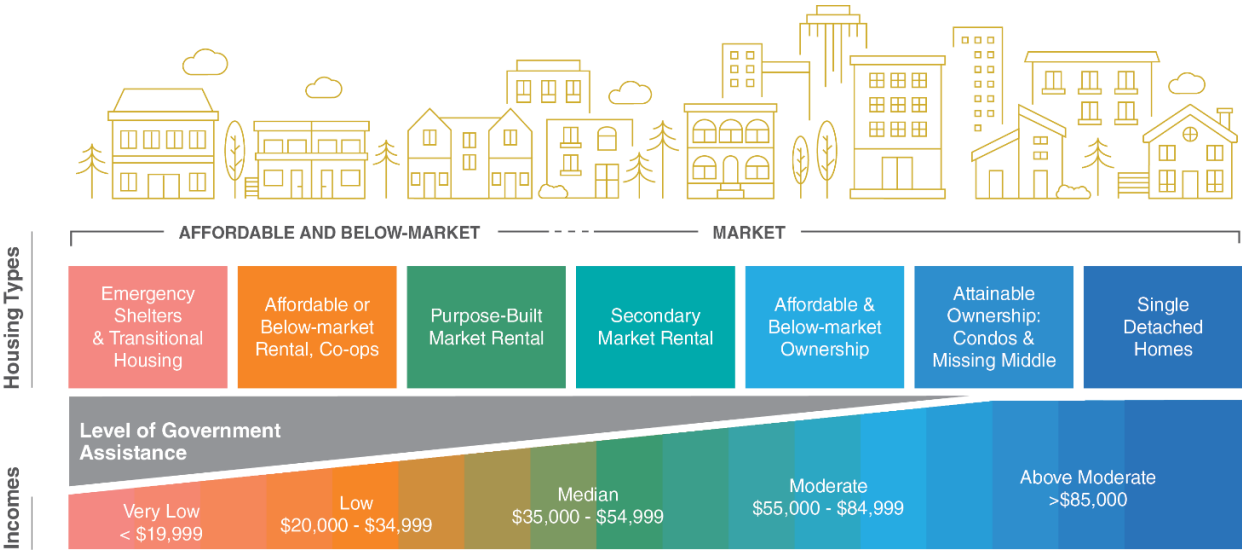
1. Advance and support the rapid supply of affordable and supportive housing with government partners and non-profit housing providers.
2. Bring forward an expanded Rental Property Standards of Maintenance Bylaw for consideration.
3. Develop a Rental Property Licensing Bylaw to prevent renovations and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

**ISSUES & ANALYSIS**

**1. Victoria Housing Strategy Annual Review 2020**

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 2020* (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.

*Figure 1: Housing Continuum*



## Annual Review 2020, 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. Targets are being met for market rental housing, condominium strata housing, family-sized housing, and affordable homes, but falling behind in overall supply and missing middle supply

*Figure 2: Housing Targets Progress Summary 2020*

GOALS	TARGETS	PROGRESS IN 2020
<b>Goal One: Focus on Renters</b>	1,900 new Market Rental Homes by 2025, ~300 per year	<b>EXCEEDING:</b> 416 Building Permits Issued
	2,100 new Affordable Non-Market Homes by 2025, ~350 per year	<b>ON TRACK:</b> Over 300 net new affordable non-market homes were approved by Council. There are over 500 more homes proposed and under review, and 200 units under construction.
<b>Goal Two: Increase Supply</b>	6,000 total new homes, ~1,000 per year	<b>FALLING BEHIND:</b> 614 net Building Permits Issued
	1,000 total new condominium strata homes, ~150 per year	<b>EXCEEDING:</b> 203 Building Permits Issued.
<b>Goal Three: Housing Choice</b>	1,600 new homes for families, ~250 per year	<b>ON TRACK:</b> 217 homes secured through legal agreements during Council approval or issued building permits <sup>1</sup>
	1,000 Missing Middle Homes (duplexes, triplexes, fourplexes, conversions, and townhomes), ~150 per year	<b>FALLING BEHIND:</b> 70 Building Permits Issued

### Residential Building Permits

- In 2020, building permits for 614 net new homes were issued in Victoria. Downtown, North Jubilee, Fairfield, Burnside, and Hillside-Quadra accounted for a combined 536 net new homes, making up 87% of the citywide total.
- Since 2007, building permits issued for net new homes per year have ranged from 134 homes in 2008 to 1,331 homes in 2018, with an average of approximately 624 homes approved per year. In 2020, the net gain of 614 homes is close to this average.
- Building permit records indicate that 38 homes were lost due to demolition or alteration. All these demolition permits were for detached dwellings, duplexes, or triplexes.

<sup>1</sup> Building permits issued for townhomes and single-family detached homes are assumed to be 2 or more bedrooms for this indicator.

## Affordability

- In 2020, the City contributed \$900,000 to the Victoria Housing Reserve Fund (VHRF), including the approval of a new annual contribution of \$400,000 in addition to the pre-existing \$250,000, and an additional one-time contribution of \$250,000. As of December 2020, there were two approved applications to the VHRF, for a total of \$745,000 in support of 105 affordable homes in the Burnside neighbourhood.
- Throughout 2020, over 900 net new (1,100 total gross) non-market rental homes were either approved, under review, or under construction in Victoria.
  - Of the 300 approved by Council in 2020, 130 units are affordable to households earning very low incomes, 50 units for low incomes, 60 units for median income earners and 60 units at below-market rental rates.
  - Almost 200 net new non-market units were under construction in 2020, aiming to be completed over the next few years.
  - As of December 2020, there were an additional 500 net new non-market homes proposed and under review.
- The average sale price of all housing types increased in 2020. Single-family dwellings increased by 12.4%, condominiums increased by 2.2%, and townhouses increased by 8.3%.

## Rental Market Housing

- Although private market rental vacancy rates increased in the City of Victoria from 1% in 2019 to 2.3% as of October 2020, they are still below healthy vacancy rates of 3 to 5%. This is the first-time vacancy rates have surpassed 2% since 2013. The increased rental vacancy rate is good news but needs to continue for a sustained period to have an impact on average rental rates, and it is unclear if trends brought about by the COVID-19 pandemic will continue. Victoria Census Metropolitan Area (CMA) vacancy rates also increased from 1% to 2.2% in 2020. During the same period, the national vacancy rates increased from 2.2% to 3.1%.
- Building permits were issued for 416 rental homes. Of those, 372 permits were issued for purpose-built rental homes, which offer high levels of housing security for tenants. No purpose-built rental homes were lost due to demolition or alteration.
- According to the Canadian Mortgage and Housing Corporation (CMHC), the primary rental market in the City of Victoria increased by 595 units in 2020, representing a 3% increase and bringing the primary market rental inventory to 17,756. This means that the many new rental apartment buildings approved in previous years have now completed construction and are being occupied.
- Building permits for 34 secondary suites and 10 garden suites were also issued in 2020, compared to 41 secondary suites and 25 garden suites in 2019. According to the Victoria Housing Needs Report 2020, there were approximately 2,245 secondary suite homes (defined as separate apartments or flats in single-detached houses) in Victoria as reported during the 2016 Census.
- According to CMHC, in 2020, average rents in Victoria increased by 4.7% for a bachelor home, 3.2% for a one-bedroom, and 3.5% for a two-bedroom. Average private market rents have increased by 3.1%, slightly less than the 3.4% increase of the previous year.

- CMHC's assessment of the secondary rental market (which only captures rented stratified condominiums) saw an 8% increase in inventory to 3,553 in 2020. This increase is up from 3,289 homes in 2019 for a total of 264 net new homes. Despite this growth, rented condominium vacancy rates decreased from 0.4% in 2019 to 0.1% in 2020. Of the 13,594 condominiums in Victoria, 26% of them are assumed to be in the rental market, according to CMHC.

## **Housing Diversity**

- In 2020, Council approved approximately 100 homes that are suitable for families (2 and 3+ bedrooms) in multi-unit apartments, secured in legal agreements. In addition, approximately 100 2+ bedroom diverse ground-oriented homes were issued building permits.
- 70 'missing middle' type homes were issued building permits including nine duplexes, seven triplexes, six fourplexes, 38 townhouses, and 10 conversions. In addition, 33 single family detached, and 44 secondary and garden suite homes were also issued building permits.

## **Key Achievements in 2020:**

Significant progress was made in 2020, with over 30 actions being advanced. While some actions were put on hold to reprioritize for COVID-19 recovery, four were completed, three new actions have been added, 15 were in progress and 11 have been integrated as part of ongoing daily operations.

The following are key achievements from 2020:

- A Renter Engagement Toolkit was completed in January, to help increase the participation and voice of renters in City engagements, with support from the Renters Advisory Committee.
- The City of Victoria continues to actively contribute land to affordable housing, including the purchase of a property on Pandora Avenue in May for future housing use. Over 1,000 affordable housing units were under review, approved, or under construction throughout 2020 with nearly 600 of those units in partnership with the City through land lease.
- In June, an Inclusionary Housing Partnership List was published to encourage partnership between public, non-profit and private residential developers when fulfilling policy expectations for onsite affordable homes 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, and/or leasing or purchasing inclusionary homes.
- New House Conversion zoning regulations were adopted in October, expanding opportunities to convert single-family houses to multi-family housing. The regulations also encourage the inclusion of rental, affordable rental, affordable home ownership and heritage designation.
- The City commissioned a study based on BC Stats and CRD demographic-based projections of future population makeup and households to estimate the number of housing units that are currently needed (due to demand from our current population), as well as those that will be needed through 2041. The report estimates that 111,299 people will be living in Victoria by 2041, resulting in the formation of a projected 11,300 additional households between 2016

and 2041. As a result of this study, staff created a report about Victoria's housing future, describing some of the technical analysis, planning fundamentals, statistics, and shared principles that inform the outcomes and actions of recent planning initiatives, titled *Victoria's Housing Future*.

- The City participated in the CRD's *Housing Needs Assessment City of Victoria, October 2020* in accordance with Section 585.31 (1) of the Local Government Act, which requires that all local governments complete housing needs reports by April 2022 and every five years thereafter.
- As a result of publication of the *Housing Needs Assessment* and *Victoria's Housing Future*, and feedback from Council in December, the Housing Unit Targets were updated to consider latent demand and establish distinct targets for homes that are affordable for very low-, low- and median income households. These targets were updated in the *Victoria Housing Strategy Phase Two* (page 48).
- The new Planner–Tenant Assistance position was created and filled. The Tenant Assistance Planner supports tenant and rental housing related work including TAP review, redevelopment guidance, information for residents, and support to housing policy projects.
- Beginning in late 2020, staff attended Advisory Committee meetings for the creation of a Greater Victoria Housing Security and Rent Bank Program to provide housing support services and non-repayable grants of up to \$3,000 to renters experiencing temporary financial emergencies.
- Throughout 2020, tenants in over 80 rental homes were supported through the Tenant Assistance Policy (TAP). Eligible tenants displaced from their homes because of redevelopment receive support, beyond what is mandated through the *Residential Tenancy Act*, to help them with relocation, and the right of first refusal for new rental homes once they are built. The sites where these apartments are located are being redeveloped to create new housing in the city, including purpose-built rental units.
- The Rental Property Standards of Maintenance Bylaw was adopted in November 2020 and took effect in January 2021.
- Throughout late 2020 and early 2021, staff held virtual conversations and administered a survey to engage with tenant advocacy groups, non-profit housing providers, landlord, development industry and financial institutions, and government stakeholder groups on the potential development of a Rental Business Licensing Bylaw to protect tenants from displacement due to the repair or renovations of their home. In July 2021, changes to provincial legislation in the *Residential Tenancy Act* were put in place to better protect tenants facing eviction due to renovations or repairs.
- 113 affordable homeownership and five rental units in three private-market projects were secured through the *Inclusionary Housing and Community Amenity Policy* with legal agreements.
- Two projects were approved for grants under the Victoria Housing Reserve Fund supporting the development of a 58-unit project at 11 Chown Place being developed by the Gorge View Society and a 154-unit development at 3020 Douglas Street being developed by the Victoria Cool Aid Society.

## **2. Challenges in 2020**

### **a. COVID-19**

While progress has continued on Housing Strategy priority actions, the COVID-19 pandemic delayed project timelines, including public consultation events and resulted in the reprioritizing of several actions to respond to the impacts of COVID-19 on residents. It took time to understand, assess, and develop creative solutions for advancing work and undertaking engagement. New approaches and innovative technologies were employed in 2020 to safely engage with the public, while also ensuring that these opportunities were interactive, inclusive, and responsive to a diversity of voices.

### **b. Resources and Capacity Challenges**

The Community Planning Division experienced some housing staff vacancies including the Senior Planner - Housing Development and the Senior Planner - Housing Policy in late 2020. Also, as the new Planner, Tenant Assistance position was under consideration as part of the Budget 2021 process, tenant operations and management of the Renters' Advisory Committee fell to the Housing Planner, a position normally responsible for advancing housing policy work. These vacancies contributed to project delays or extensions in 2020.

## **3. Housing Work Plan, 2022**

Staff recommend that the 2022 work plan prioritize the completion of housing strategy actions already in progress and resume actions that were put on hold due to COVID-19 recovery actions. The recommended 2022 work plan is in Attachment 2, in Table 2 which includes both project work and daily housing operations.

The findings of the *Housing Needs Assessment, 2020* 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:

- 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 affordability gaps for nearly every type of housing ownership (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.
- Incidence of Core Housing Need is higher among households with someone with a disability. The inclusion of more accessible units in new housing development is urgently needed to address these gaps.

The results of the Housing Needs Assessment reinforce that continued work on housing supply, diversity and affordability should be priority actions of the Victoria Housing Strategy in the coming year. The Missing Middle Housing Initiative and ongoing local area planning in and around neighbourhood Villages and Corridors throughout the city are critical to lay the necessary land-use policy foundation that will make other Housing Strategy actions more effective, such as the Rental Incentives Project, supporting faith-based and non-profit housing developers and supporting the rapid supply of affordable and supportive housing with government partners and non-profit housing providers.

The 2022 work plan represents a full workload commitment for staff committed to implementing the Victoria Housing Strategy actions. If new actions are recommended for implementation in 2022, guidance from Council on which actions should be shifted to 2023 will be needed.

## OPTIONS & IMPACTS

**Option One (Recommended):** Receive the Victoria Housing Strategy Annual Review for information and approve the proposed work plan for 2022.

**Option Two:** Receive the Victoria Housing Strategy Annual Review for information but consider amending the proposed 2022 work plan.

### *Accessibility Impact Statement*

There are no direct accessibility impacts associated with the adoption of this resolution. Work is continuing within the 2022 workplan to support key actions related to the Accessibility Framework, including review of design guidelines, updating design standards and specifications, and parking standards for new developments. Additionally, the Barrier Free Housing and Universal Design project will be initiated in 2022 to put in place measures that encourage barrier-free housing and universal design in new developments.

### *2019-2022 Strategic Plan*

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

### *Impacts to Financial Plan*

The continued implementation of the Victoria Housing Strategy through the work plan proposed in Attachment 2 is contingent upon Council approval of the \$250,000 budget requested as part of the 2022 budget process.



*Official Community Plan Consistency Statement*

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

**CONCLUSIONS**

Overall, the second year of implementation of the Victoria Housing Strategy Phase Two has been successful, making significant progress on actions and 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,

Andrew Cusack  
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**Report accepted and recommended by the City Manager.**

**List of Attachments**

- Attachment A: Victoria Housing Strategy Annual Review 2020
- Attachment B: Housing Work Plan 2022