

E.1.a.c Options to Support Rapid Deployment of Affordable Housing through Regulatory and Process Changes

Moved By Councillor Alto

Seconded By Councillor Potts

1. That Council direct staff to:
 - a. undertake focused consultation with non-profit affordable housing providers, the Urban Development Institute and CALUCs in relation to the proposal to amend the Zoning Bylaws and Land Use Procedures Bylaw, as identified in this report;
 - b. in a subsequent report, provide Council with details of the feedback received and how the feedback has affected the amendments to the Zoning Bylaws and Land Use Procedures Bylaw.
 - c. in a subsequent report, provide Council with information on options for further expediting non-market housing applications in a way that does not require complete delegation of Council's authority.And concurrently:
2. That Council direct staff to prepare amendments to the Land Use Procedures Bylaw, consistent with the "tier one option" in this report, to delegate the authority to the Director of Sustainable Planning and Community Development to issue all Development Permits, with or without variances, offering affordable non-market housing secured by legal agreement.
3. That Council direct staff to prepare amendments to the Zoning Regulation Bylaw and Zoning Bylaw 2018, consistent with the "tier two option" in this report, to allow the maximum density contemplated in the Official Community Plan to be the maximum density permitted for a specific site, where an affordable non-market housing development is proposed and affordable dwelling units are secured with a legal agreement to the satisfaction of Director of Sustainable Planning and Community Development and the City Solicitor.
4. Staff report back to Council after a 2 year period to evaluate the effectiveness of this new policy.

Councillor Andrew requested that a separate vote be called on the number 1.

Council discussed the following:

- *The new procedure for COTW items to go forward for ratification to Council at two week intervals*
- *Additional clarity on tenure of affordability in a building and how this affects future consultations with community*

Motion to refer:

Moved by Councillor Andrew

Seconded by Councillor Young

That this item be referred to the June 3, 2021 Council meeting

Amendment:

Moved by Councillor Isitt

That this item be referred to the ~~June 3~~ **May 27**, 2021 Council meeting

FAILED TO PROCEED DUE TO NO SECONDER

On the motion to refer:

FOR (4): Councillor Alto, Councillor Andrew, Councillor Thornton-Joe, Councillor Young

OPPOSED (4): Councillor Dubow, Councillor Isitt, Councillor Loveday, Councillor Potts

DEFEATED (4 to 4)

Amendment:

Moved by Councillor Loveday

Seconded by Councillor Alto

5. And that Council direct staff to report back with opportunities and implications of applying these same rules to co-operative housing.

CARRIED UNANIMOUSLY

On the number 1:

1. That Council direct staff to:
 - a. undertake focused consultation with non-profit affordable housing providers, the Urban Development Institute and CALUCs in relation to the proposal to amend the Zoning Bylaws and Land Use Procedures Bylaw, as identified in this report;
 - b. in a subsequent report, provide Council with details of the feedback received and how the feedback has affected the amendments to the Zoning Bylaws and Land Use Procedures Bylaw.
 - c. in a subsequent report, provide Council with information on options for further expediting non-market housing applications in a way that does not require complete delegation of Council's authority.

FOR (5): Councillor Alto, Councillor Dubow, Councillor Isitt,
Councillor Loveday, Councillor Potts
OPPOSED (3): Councillor Andrew, Councillor Thornton-
Joe, Councillor Young

CARRIED (5 to 3)

On the number 2, 3, 4, and 5 as amended:

And concurrently:

2. That Council direct staff to prepare amendments to the Land Use Procedures Bylaw, consistent with the “tier one option” in this report, to delegate the authority to the Director of Sustainable Planning and Community Development to issue all Development Permits, with or without variances, offering affordable non-market housing secured by legal agreement.
3. That Council direct staff to prepare amendments to the Zoning Regulation Bylaw and Zoning Bylaw 2018, consistent with the “tier two option” in this report, to allow the maximum density contemplated in the Official Community Plan to be the maximum density permitted for a specific site, where an affordable non-market housing development is proposed and affordable dwelling units are secured with a legal agreement to the satisfaction of Director of Sustainable Planning and Community Development and the City Solicitor.
4. Staff report back to Council after a 2 year period to evaluate the effectiveness of this new policy.
5. And that Council direct staff to report back with opportunities and implications of applying these same rules to co-operative housing.

FOR (5): Councillor Alto, Councillor Dubow, Councillor Isitt,
Councillor Loveday, Councillor Potts
OPPOSED (3): Councillor Andrew, Councillor Thornton-
Joe, Councillor Young

CARRIED (5 to 3)

G.2 Options to Support Rapid Deployment of Affordable Housing through Regulatory and Process Changes

Committee received a report from the Director of Sustainable Planning and Community Development dated May 14, 2021 regarding options and recommendations that support the development of affordable and supportive housing through regulatory and process changes.

Moved By Mayor Helps
Seconded By Councillor Alto

1. That Council direct staff to:
 - a. undertake focused consultation with non-profit affordable housing providers, the Urban Development Institute and CALUCs in relation to the proposal to amend the Zoning Bylaws and Land Use Procedures Bylaw, as identified in this report;
 - b. in a subsequent report, provide Council with details of the feedback received and how the feedback has affected the amendments to the Zoning Bylaws and Land Use Procedures Bylaw.

And concurrently:

2. That Council direct staff to prepare amendments to the Land Use Procedures Bylaw, consistent with the "tier one option" in this report, to delegate the authority to the Director of Sustainable Planning and Community Development to issue all Development Permits, with or without variances, offering affordable non-market housing secured by legal agreement.
3. That Council direct staff to prepare amendments to the Zoning Regulation Bylaw and Zoning Bylaw 2018, consistent with the "tier two option" in this report, to allow the maximum density contemplated in the Official Community Plan to be the maximum density permitted for a specific site, where an affordable non-market housing development is proposed and affordable dwelling units are secured with a legal agreement to the satisfaction of Director of Sustainable Planning and Community Development and the City Solicitor.

Committee discussed:

- *Prioritization of affordable housing projects*
- *Site density, design, and consistency*
- *Impact of affordable housing applications*
- *Clarification around the definition of "affordability"*

Committee recessed at 12:29 p.m. and reconvened at 1:16 p.m.

Moved By Mayor Helps
Seconded By Councillor Andrew

That the motion be amended by adding a new clause 4:

- 4. Staff report back to Council after a 2 year period to evaluate the effectiveness of this new policy.**

CARRIED UNANIMOUSLY

Moved By Councillor Andrew
Seconded By Councillor Thornton-Joe

To extend the Committee of the Whole meeting until 3:30 p.m.

CARRIED UNANIMOUSLY

Amendment:

Moved By Councillor Isitt
Seconded By Councillor Dubow

That the motion be amended by adding a new clause 1(c):
(c) in a subsequent report, provide Council with information on options for further expediting non-market housing applications in a way that does not require complete delegation of Council's authority.

CARRIED UNANIMOUSLY

On the main motion as amended:

FOR (6): Mayor Helps, Councillor Alto, Councillor Andrew, Councillor Potts,
Councillor Isitt, Councillor Dubow
OPPOSED (2): Councillor Young, Councillor Thornton-Joe

CARRIED (6 to 2)



Committee of the Whole Report For the Meeting of May 20, 2021

To: Committee of the Whole **Date:** May 14, 2021
From: Karen Hoese, Director, Sustainable Planning and Community Development
Subject: Options to Support Rapid Deployment of Affordable Housing through
Regulatory and Process Changes

RECOMMENDATION

1. That Council direct staff to:
 - a) undertake focused consultation with non-profit affordable housing providers, the Urban Development Institute and CALUCs in relation to the proposal to amend the Zoning Bylaws and *Land Use Procedures Bylaw*, as identified in this report;
 - b) in a subsequent report, provide Council with details of the feedback received and how the feedback has affected the amendments to the Zoning Bylaws and *Land Use Procedures Bylaw*.

And concurrently:

2. That Council direct staff to prepare amendments to the *Land Use Procedures Bylaw*, consistent with the “tier one option” in this report, to delegate the authority to the Director of Sustainable Planning and Community Development to issue all Development Permits, with or without variances, offering affordable non-market housing secured by legal agreement.
3. That Council direct staff to prepare amendments to the *Zoning Regulation Bylaw* and *Zoning Bylaw 2018*, consistent with the “tier two option” in this report, to allow the maximum density contemplated in the Official Community Plan to be the maximum density permitted for a specific site, where an affordable non-market housing development is proposed and affordable dwelling units are secured with a legal agreement to the satisfaction of Director of Sustainable Planning and Community Development and the City Solicitor.

EXECUTIVE SUMMARY

This report outlines options and recommendations that support the development of affordable and supportive housing through regulatory and process changes.

At the Special Council meeting of June 4, 2020, Council directed staff to re-prioritize actions in the *Victoria Housing Strategy* to improve housing security as part of COVID-19 recovery. One of the actions in the *Strategy* is to advance the rapid supply of affordable and supportive housing.

The recommendations contained in this report support the construction of new affordable and supportive housing by advancing two strategies. These are characterized as:

- the “tier one” approach which will build on the existing scope of delegation and would delegate authority for certain affordable housing projects, and
- the “tier two” approach, which would expand the “tier one” approach to include Zoning Bylaw amendments to allow the maximum density contemplated in the *Official Community Plan, 2012 (OCP)* for affordable housing projects.

These recommendations respond to other previous Council directives as well as feedback received from non-profit housing operators and senior levels of government. If approved, the recommended options would facilitate an increased supply of affordable and supportive housing through a more streamlined process and by offering greater certainty to applicants while maintaining policy review and guidance to help ensure project design and contextual fit are well considered.

PURPOSE

The purpose of this report is to present Council with information, analysis and recommendations regarding options for regulatory and process changes to support the rapid deployment of affordable and supportive housing in the City.

BACKGROUND

Supporting Policy and Council Directives

The following section identifies policies, Council directives and previous consultation efforts that support the approach and recommendations outlined in this report.

- **Victoria Housing Strategy Phase II, 2019-2022 (July 2019)**

The *Victoria Housing Strategy* defines the City’s role in the provision of affordable housing and assesses and forecasts Victoria’s needs across the housing continuum. Like many cities across the province, the City of Victoria is in the midst of a housing crisis, and nearly one in four of the City’s households do not have access to affordable, suitable, or appropriate housing to meet their needs. As a result, actions that are seen to have the “biggest bang” have been prioritized.

- **COVID-19 Recovery, Special Council Meeting (June 4, 2020)**

Council directed staff to re-prioritize actions in the *Victoria Housing Strategy* to improve housing security as part of COVID-19 recovery. A new action added was to advance and support the rapid supply of affordable and supportive housing with government partners and non-profit housing providers.

- **Housing Needs Assessment, City of Victoria (October 2020)**

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. Some vulnerable groups have been identified as most-at-risk for housing affordability, including low-income earners, single-income earning households, women-lead lone parent families, senior-lead households, renters and those with disabilities. Continued support, partnership and advocacy for new non-market affordable housing including shelter rate housing and support services, is integral to addressing these housing gaps.

- **Housing Strategy Annual Review (2019)**

The Annual Review 2019 showed that between November 2018 and November 2020 over 900 non-market affordable and below-market homes are either approved or in stream. These trends are the result of reinvestment into non-market housing from both the provincial and federal governments. Despite this recent uptick, more work is needed to address existing needs for affordable housing. The City's updated Housing Targets plan to support non-profit housing providers and senior governments to create approximately 1,450 new affordable non-market homes over the next six years.

- **Official Community Plan Amendments, Council resolution (June 27, 2019)**

To further incentivize the provision of public benefits including affordable housing, Council passed a resolution to consider development applications that exceed the OCP's guidance related to height and density limits. The amendment is being explored and implemented through a broader OCP Updates Project, which is currently underway and includes a series of policy amendments.

Regulatory Challenges for Non-Profit Housing Providers and Funders

Consultation with non-profit housing providers and funders to identify ways to improve the affordable housing application process at the City has been an ongoing priority. Feedback has been received through a number of initiatives such as the Secured Rental Housing Project, annual updates to the Victoria Housing Reserve Fund guidelines, the Victoria Housing Strategy Phase Two and the Victoria Housing Summit 2019, as well as through direct conversations with BC Housing, the Capital Region Housing Corporation and non-profit housing providers. In addition, in October 2020 a workshop was held with non-profit housing providers and government agencies to gather additional feedback on how to improve City processes for non-market development proposals.

Feedback from the most recent workshop and previous outreach initiatives, identified that two of the key challenges that non-profit organizations are facing in delivering affordable housing relate to the City's development process.

- Consistently, the greatest challenge identified by non-profits is the uncertainty of the development process where rezoning is required, as this process adds significant cost, time, complexity, and risk to development applications.
- Non-profits have also reported that the need for rezoning impacts their ability to access funding, as senior government programs often require approved zoning for eligibility. As a result, this can put these organizations in a situation where they take on significant risk and cost to rezone a site, without any commitment of funding to ensure project viability.

Prioritization of Affordable Housing Applications

To better support affordable and rental housing proposals, Council has provided staff direction to prioritize these applications. These applications are therefore advanced ahead of all other applications, by all departments, both during the pre-application and the application process. While these applications are a priority, in most instances some form of Council approval is required so the associated timelines can only be compressed to a certain extent. Although staff continue to review internal staff processes to determine whether further streamlining can occur, the most significant time savings can be achieved through channeling applications out of the rezoning stream and by simplifying the approval process.

ANALYSIS

In developing options, a range of factors have been explored and addressed under the following headings:

1. Affordable Housing Definition
2. Legal Parameters
3. Potential Approaches and Examples
 - Tier One Approach
 - Tier Two Approach
4. Potential Challenges and Benefits
5. Ongoing Monitoring
6. Consultation on Proposed Regulatory and Process Changes

1. Affordable Housing Definition

Reference to “affordable housing” in this report refers to any housing development that is:

- wholly owned and operated by a registered non-profit residential housing society or government agency, or operated by a registered non-profit residential housing society or government agency pursuant to a legally binding arrangement with the property owner; and
- subject to a legal agreement securing affordability and rental tenure.

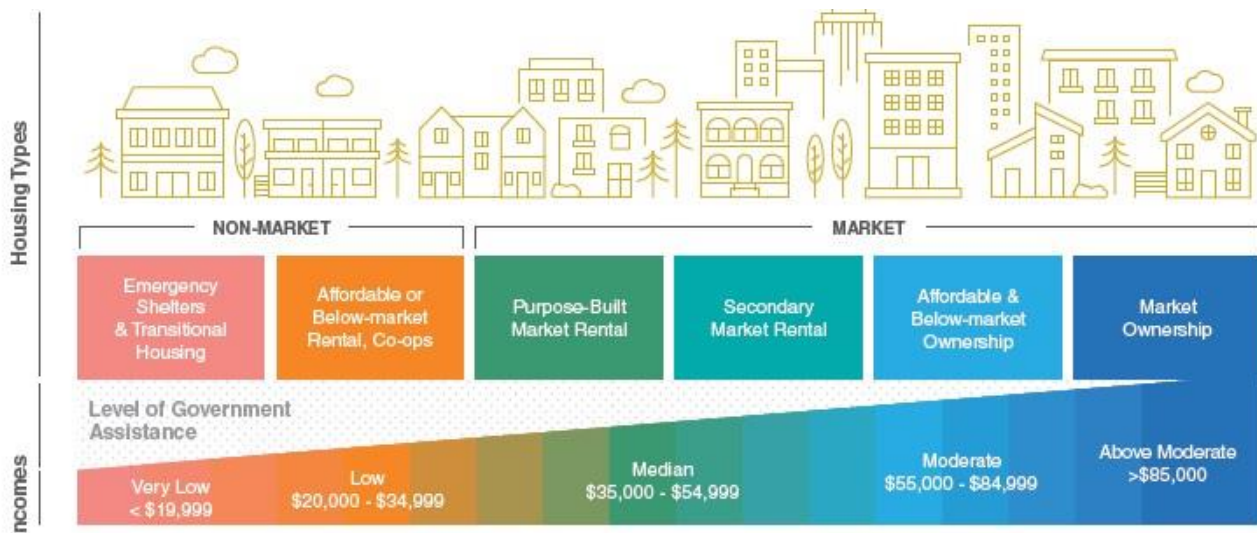


Figure 1. Housing Continuum

The actions outlined in this report support affordable or below-market rental housing that is in the non-market category of the housing continuum as shown in Figure 1.

2. Legal Parameters

It is important to consider the legislation that informs the City’s regulatory process, as it establishes the opportunities, and perhaps more critically the constraints, associated with the potential streamlining of approval processes.

Development Application Types

To help explain the proposed changes, the main development application types are summarized below. (Heritage Applications are not discussed as no changes affecting those processes are recommended.)

- *Rezoning* – used when a proposal exceeds the permitted density and/or requests a use not including in the existing zoning.
- *Development Permit (DP)* – used when a proposal is located within a designated Development Permit Area (DPA) and pre-established design guidelines are utilized to assess the proposal’s consistency with the goals and objectives of the DPA.
- *Development Permit with Variance (DPV)* – used when a proposal is located within a designated Development Permit Area (DPA) and there is also a variance (not use or density), and pre-established design guidelines are utilized to assess the proposal’s consistency with the goals and objectives of the DPA and the impact of the variance is also considered.
- *Development Variance Permit (DVP)* – used when a proposal is not subject to DPA considerations but where a variance(s) to the Zoning Bylaw is required.

Provincial Legislation and Delegated Authority

As noted above, for land use and density changes, a rezoning application is required, which necessitates Council review and a Public Hearing. Section 154 (2) (a) of the *Community Charter* states that a Council may not delegate the making of a bylaw and, therefore, staff cannot be delegated the authority to approve rezoning applications. However, Council can amend the City’s zoning bylaws to establish conditions, such as the provision of affordable housing, under which higher densities can be achieved thereby negating the need for such applications pursuing rezoning.

Section 154 of the *Community Charter* and Section 490(5) of the *Local Government Act* enables Council to delegate its authority to approve DPs. This delegated authority includes the authority to approve DPs with variances. However, the *Local Government Act*, in Section 498 (4), is clear that Council cannot delegate the authority to approve DVPs:

“As a restriction on section 229 [delegation of board authority] of this Act and section 154 [delegation of council authority] of the Community Charter, a local government may not delegate the power to issue a development variance permit.”

The reason for this is that DPs are governed by previously approved policy in the form of Council adopted design guidelines contained within DPAs, so there is a basis upon which to make a decision, whereas with a DVP application Development Permit Area considerations and design guidelines do not come into play. However, DVP applications are very rare within the City as there are extensive DPAs established and most forms of development trigger a DP in association with any variances being proposed.

It should be noted that, given the aforementioned clause in the *Community Charter*, in the event that a development proposal associated with DP requires the making of a bylaw (e.g., a Housing Agreement), the bylaw itself must be approved by Council.

The options presented in this report are within the bounds of the Provincial legislation.

Land Use Procedures Bylaw

The City's *Land Use Procedures Bylaw* (LUPB) outlines procedures for applications relating to land use (Rezoning applications, DPs, DVPs, HAPs etc.), public meetings, sign posting, details of application fees and refunds and, amongst other items, the authority of staff to make delegated decisions. The scope of delegated authority is currently set out in Schedule D of the LUPB. The options presented below would build on the delegated authority already established by Council.

3. Potential Approaches

Two potential strategies that would advance the swift delivery of affordable and supportive housing have been outlined in the report and are recommended to be advanced simultaneously.

- The “tier one” approach proposes amendments to the LUPB to delegate DPs proposing affordable housing, with or without variances, to the Director of Sustainable Planning and Community Development.
- The “tier two” approach proposes regulatory changes to allow an increase in density, generally consistent with *Official Community Plan* (OCP, 2012) for affordable housing. This approach would eliminate the need to submit a rezoning application for certain applications and, combined with the “tier one” approach, any associated DP would be delegated to staff.

“Tier One” Approach: Delegated Authority for Affordable Housing (Recommendation 2)

The “tier one” approach builds on the existing delegated authority outlined in the LUPB and would expedite the review of applications for affordable housing that do not require a rezoning application. This methodology would delegate all DPs for affordable housing, with or without variances, to the Director of Sustainable Planning and Community Development.

In accordance with Provincial Legislation, DP applications are approved or denied based on their consistency with the applicable design guidelines established by Council in the OCP and the Director would make decisions on this basis. It is recommended that referral of an application to the Advisory Design Panel (ADP), which adds about four weeks to the process, would still occur which would provide additional design insight and feedback.

To qualify for issuance of a DP under delegated authority, an application would need to:

- propose affordable housing consistent with the definition described above and
- be consistent with applicable Design Guidelines.

If staff are unable to work with an applicant to refine the design to a point of consistency with the applicable design guidelines, then the matter would be referred to Council for consideration.

The delegation described above would reduce timelines for affordable housing applications, as consideration of these proposals would otherwise be presented to Committee of the Whole, requiring ratification by Council and, where variances are proposed, requiring an Opportunity for Public Comment. It is estimated that this change would result in potential time savings of between two and five months. Attachment A of this report illustrates the process and estimated timelines associated with a DP and a DP with Variances versus a delegated DP.

When considering the “tier one” approach, it should be noted that the City has an established framework of planning policy and design guidelines to help guide decision-making. Under the current Council approval process, when staff provide a recommendation to Council, that

recommendation is formulated based on a thorough analysis of policy and guidelines that apply to the site, as well as sound planning principles and practice. As is the case with the present delegated system, this same rigour would be applied to affordable housing applications.

“Tier One” Approach Summary

- Amendment to LUPB would delegate DPs and DPVs to Director of Planning
- Applicable to affordable housing only, and secured with a Housing Agreement
- Application must be consistent with design guidelines

“Tier One” Approach Examples

Council has already established a range of applications that can be approved by staff utilizing delegated authority. The following sections provide three examples.

Example 1 – Garden Suites

Since April 2017 when the program was established, the City has received 96 garden suite applications. Of these, 69 have been approved through delegated authority, and two were referred to Council for a decision as the applications were inconsistent with the design guidelines (both were approved by Council). Another 15 applications are in process, as staff work with applicants to improve the quality of the application to attain consistency with the design guidelines and sort out technical details. One application was declined by staff and another nine applications were closed as applicants changed plans and/or realized they could not meet technical and/or design criteria.



Figure 2. Built Garden Suite Examples

Council will also recall that in 2019, approximately two years after the program was established, staff presented Council with an update report suggesting amendments. This was initiated when it became apparent to staff that the initial zoning permissions approved by Council, were resulting in some garden suites being excessively tall in relation to their neighbours. Another corrective action involved closing a “loop-hole” where some applicants were circumventing the tree protection bylaw and design review process by applying for a building permit for an accessory building and then converting it to a garden suite after it was constructed.

The garden suite program demonstrates how delegated authority can be used to successfully influence design. In this instance, ending the requirement for public consultation as well as eliminating the need for a rezoning and DP approval process which required Council involvement in each application has worked well. An application that is consistent with the garden suite design guidelines can now be issued within as little as five to six weeks, whereas, when a rezoning was required, they would typically take five to six months.

Example 2 – New Buildings in DPA 10 and DPA 16

With the establishment of the new OCP in 2012, and the decision to expand the number of Development Permit Areas across the City, Council delegated authority to the Director of Planning for new buildings, additions and structures located in DPA 10A: Rock Bay, DPA 10B (HC): Rock Bay Heritage and DPA16: Form and Character. The intention behind this delegation was to streamline the process for properties not previously subject to DPA considerations. Although there have been few applications for entirely new buildings, examples of buildings that have been approved under delegated authority include a car dealership on Douglas Street, a mixed-use multi-unit residential development under construction at the corner of Pandora and Cook, and very recently an affordable seniors housing project located at Cook Street and Mallek Crescent.

Application processing for the affordable seniors housing project included internal staff review, a referral to ADP and two rounds of applicant revisions to improve on the applications' consistency with design guidelines. The application was approved and the DP was issued in approximately four months, noting that the application was fully "with the applicant" during the revision stage for approximately 10 of the 18 week processing time. Renderings are included below. The proposal will result in 78 units (36 studio, 40 one-bedroom and 2 two-bedroom units and features 27 EV stalls as well as extensive landscaping and rain gardens).



It is worth noting, that consistent with the process for development permits, there was no formal consultation requirement; however, as per staff's normal approach with all applicants, the proponent was encouraged to be neighbourly and to discuss the proposal with nearby residents. A neighbour did reach out to both staff and the applicant regarding a concern about a perceived lack of parking. Nonetheless, the proposal did meet the minimum parking requirements established in the zoning bylaw and the applicant chose to not increase the amount of parking required.

Example 3 – Parking Variances

As noted previously, Council has also delegated a small subset of parking variances (five stalls or less for commercial, industrial and institutional uses), which resulted in the approval of seven applications in 2020. The majority of these were necessary to facilitate minor changes and expansions for small businesses. A prerequisite for approval of a delegated parking variance, as stipulated in the *Land Use Procedures Bylaw*, is that it will “not adversely impact the neighbourhood by unduly contributing to on-street parking issues.” In the event it was deemed by staff to have excessive impacts on the neighbourhood, it would not be approved.

“Tier Two” Approach: Density up to OCP Limit for Affordable Housing (Recommendation 3)

The “tier two” approach would build on the delegated authority of the “tier one” approach and further expedite the review of applications offering affordable housing. The implementation of this approach would require regulatory changes to allow an increase in density consistent with *Official Community Plan* (OCP, 2012).

The OCP assigns different Urban Place Designations to different areas of the City. Within each of these designated areas a maximum density for development is contemplated. In some areas a base density and a maximum density are described. For example:

- In the Traditional Residential Urban Place Designation, the OCP contemplates total floor space ratios (FSRs) up to approximately 1:1.
- In the Urban Residential Urban Place Designation an FSR of generally up to 1.2:1 is contemplated; however, an increased density up to approximately 2:1 may be considered in strategic locations for the advancement of plan objectives. A key plan objective is contributing to the affordable housing supply.

Currently, if a rezoning application proposes uses and density consistent with OCP policy and the *Inclusionary Housing and Community Amenity Policy*, it is generally considered supportable. However, when the specifics of a project are reviewed, it may become apparent that the maximum allowable density cannot be achieved without compromising design objectives, such as providing adequate open site space, setbacks from neighbours, etc. In such instances, staff would work with the applicant to amend the proposal to be consistent with the applicable design guidelines. With the proposed changes, this design review would still take place and if the applicant was unwilling or unable to achieve these objectives, the application would be referred to Council.

It is proposed that the City’s zoning bylaws (*Zoning Regulation Bylaw* and *Zoning Bylaw 2018*) be amended to allow projects offering affordable housing, that are consistent with City policy, to achieve the maximum density contemplated in the OCP. To qualify for this density uplift, all housing within the proposal would need to meet the definition of affordable housing, secured through a legal agreement. The increase in density would only apply to residential uses; however, a range of commercial and service uses, including supports and amenities for residents and the broader community alike would be allowed, provided they were listed as permitted uses within the existing zone.

When combining the “tier one” and “tier two” option, it would allow projects offering affordable housing to be considered through a delegated development permit, further expediting the application timeline.

Attachment B compares the rezoning application process to the delegated DP process and illustrates the potential for significantly shortening the timeline by four to nine months; however, like

other delegated processes such as garden suites, the process continues to rely heavily on staff resources across the City.

“Tier Two” Approach Summary

- Amendment to Zoning Bylaw would allow affordable housing up to maximum density expressed in OCP
- Amendment to LUPB would delegate DPs and DPVs to Director of Planning
- Applicable to projects offering affordable housing, secured with Housing Agreement
- Application must be consistent with design guidelines

“Tier Two” Approach Examples

While there are many development scenarios that could benefit from the proposed “tier two” approach, two examples of how this would work in practice are described below:

Example 1: R-K Zone, Medium Density Attached Dwelling District in Traditional Residential Urban Place Designation

The R-K Zone, Medium Density Attached Dwelling District allows townhouses up to a maximum floor space ratio (FSR) of 0.6:1. The Traditional Residential Urban Place Designation allows a maximum FSR of 1:1. This is summarized in the following table and would only apply to affordable housing projects.

	Residential Use	Permitted Density (FSR)
Existing R-K Zone	Townhouse	Up to 0.6:1
OCP Traditional Residential	Townhouse	Up to approx. 1:1
Proposed Zoning Bylaw amendment Affordable housing projects only	Townhouse	Up to approx. 1:1

Example 2: R3-2 Zone, Multiple Dwelling District in an Urban Residential Urban Place Designation

The R3-2 Zone, Multiple Dwelling District, permits multiple dwellings with a density of up to 1.6:1 (subject to the development satisfying certain provisions relating to height, site coverage and parking outlined in the zone). This zone is commonly found in the Urban Residential Urban Place Designation where, as described above, a base density of 1.2:1 and a maximum density of 2:1 FSR are contemplated. Based on the “tier two” approach, the Zoning Bylaw would be amended to include provisions to allow an increase in density from 1.6:1 to 2:1 FSR on a property zoned R3-2, for an affordable housing project. This is further summarized in the following table.

	Residential Use	Permitted Density (FSR)
Existing R3-2 Zone	Multiple Dwelling	Up to 1.6:1
OCP Urban Residential	Multiple Dwelling	Base density of 1.2:1 Maximum density up to 2:1
Proposed Zoning Bylaw amendment Affordable housing projects only	Multiple Dwelling	Up to 2:1

Note that in these scenarios, while the proposed zoning bylaw amendments would include provisions allowing for the increased density, the regulations in the existing zone would still apply. Given that every site is different and that there could be numerous development scenarios, staff do not recommend creating a new set of regulations (e.g., addressing setbacks, site coverage, etc.) as part of the proposed bylaw amendments, nor would the legislation allow relaxed siting criteria as a “bonus” for affordability. Instead, if Council approves the “tier one” option, any variances from the existing site zoning would be handled through the Development Permit with Variance application and would be delegated to staff. If variances could not be accommodated in manner consistent with the design guidelines, the application could not be approved through delegated authority and it would be referred to Council.

4. Potential Challenges and Benefits

Challenges

Off-Site Improvements and Amenities

Processing affordable housing applications through a development permit, rather than through rezoning, would remove the ability of the City to require public right-of-way improvements or amenities beyond what can be achieved through a routine building permit.

For example, in conjunction with a rezoning, the City regularly requires Statutory Rights-of-Way (SRW) to allow for immediate street upgrades as well as protecting for future mobility improvements including sidewalk improvements, bicycle lanes and transit stops as well as treed boulevards where existing road widths are substandard. Securing SRW is a core, frequently used and standard requirement for subdivision and rezoning applications to mitigate the impact of new development on the City’s current and future transportation systems and services and to advance mobility, accessibility and urban forest policy objectives. While standard frontage works would still be required, the granting of SRW would be voluntary under a development permit process. Further, applicants are often reluctant to provide SRW even though there would be minimal additional costs, little or no impact on construction timelines and no impact on achievable density. Although staff would continue to identify and seek SRW, and work with applicants to incorporate them within their developments, in the absence of the ability to *require* SRW, it would reduce the City’s ability to achieve broader mobility improvements and introduce inconsistency between developments.

Typically, where non-profit affordable housing is advanced, consistent with Council’s *Inclusionary Housing and Community Amenity Contribution Policy*, the “housing affordability” is seen as a significant amenity and although proposals may include other amenities such as on-site daycare or community support services, this is encouraged but not actively negotiated nor required by policy. So, while changing the zoning bylaws to allow increased density for affordable housing may represent a lost opportunity to negotiate other amenities such as public art, heritage conservation or on-site public open space, it is unlikely that these would be pursued for a proposal offering affordable and/or supportive housing.

Nonetheless, it is noted that even with the increased level of commitment to providing affordable housing in the region, the total number of applications that would qualify would still be relatively low in comparison to all development across the City. In 2019, the City received five applications associated with affordable housing and in 2020 the number declined to three applications. With increased funding becoming available, it is anticipated that the number will likely increase again; however, the overall proportion will likely remain relatively small and any consequences would be monitored and reported on with any future update reports.

Public Consultation

Another possible challenge associated with the recommended changes relates to expectations surrounding public consultation and the modifications that would be needed.

Under the Local Government Act, the only relevant matters that may be considered in evaluating Development Permits and or Development Permits with Variances is whether the application is consistent with design guidelines and if there are variances, the impact of the variance. Whether the decision is rendered by Council or whether it is a decision delegated to staff, these are the constraints that limit the decision.

Development Permit Process:

Development permits without variances (whether delegated or not) are not subject to public consultation and do not require referrals to Community Association Land Use Committees (CALUCs), a Public Hearing nor Opportunity for Public Comment. As noted above, the only relevant consideration is whether the application is consistent with the design guidelines. Council's Advisory Design Panel also reviews many types of development permit applications and offers insights and feedback on compliance with guidelines. Although there is sometimes pressure from members of the public to be heard regarding a specific application, consistent with the Local Government Act, the appropriate place for public input is during the establishment of Development Permit Areas and the associated guidelines.

Development Permit with Variance Process:

Under the City's *Land Use Procedures Bylaw*, applications with variances that are considered by Council, are referred to the applicable Community Association Land Use Committee (CALUC) for a 30-day comment period and there is an Opportunity for Public Comment. A site sign and notice to immediate neighbours are also required. Despite what topics may be raised through the notification or at the Opportunity for Public Comment, Council must focus their consideration on the consistency with the design guidelines and the impact of the variances.

Should Council approve the proposed changes, it is recommended that delegated applications with variances follow the same process already established for delegated parking variances and the application not be referred to the CALUC nor require further notification or signage.

Referring applications for consultation typically extends timelines. Moreover, when public consultation is undertaken, the comments received often stray into topics related to use or other subjects which cannot be considered in assessing the application. Staff are limited in what can be considered in the exercise of delegated authority (as are Council when they consider similar applications) and initiating consultation could lead to false expectations about the public's role.

Finally, there is also an increased likelihood of a legal challenge if applications are declined or referred to Council and there has been a formal public consultation process which may be seen to have unduly influenced a decision. Each of these factors contribute to staff's recommendation that Council not expand consultation for DP applications with variances beyond the process already established for parking variances.

Rezoning Process:

The rezoning process requires consultation, both prior to application submission and at the public hearing, even for applications which are consistent with use and density detailed in the OCP. If

proposals offering affordable housing were able to achieve densities up to the maximum specified in the OCP, fewer rezoning applications with the requisite consultation would be required. However, the OCP is itself a bylaw adopted after significant public consultation; therefore, the density would need to be aligned with the OCP and the use would need to be permitted within the existing zone.

Benefits

The primary benefit associated with the proposed changes would be that they would facilitate the rapid delivery of affordable and supportive housing, at a time when there is a critical community need. For non-profit housing providers, the actions outlined in this report would result in increased certainty and reduced risk around the development process as well as reduced timelines and costs, and easier access to funding.

Further, while the recommendations streamline the approval process for affordable housing, the proposals would still involve assessment by professional, trained staff, who would have the ability to require modifications to ensure that the overall fit within neighbourhoods and the design quality of projects would remain high. Council's Advisory Design Panel would also continue to be engaged in the review of these applications and be able to add valuable feedback and insights to the design process.

The changes may also have the added benefit of opening up expedited processes for senior levels of government allowing them to rapidly advance housing solutions while adhering to a municipal process that would ensure design oversight.

It is also noted that when rezoning is avoided and delegated authority can be used, the resulting process changes represent significant time savings for a number of departments. This is because the simplified process no longer requires reports and presentations to Council, results in fewer public hearings and eliminates notification requirements, and negates the need for bylaw amendments associated with zoning bylaw amendments. The cumulative affect of these changes would ultimately also have a positive impact on the timelines of the many other applications still requiring Council review.

5. Ongoing Monitoring

If adopted by Council, staff would monitor applications that are processed under the recommended approach. If during the ongoing monitoring, challenges or unintended consequences were identified, staff would prioritize an accelerated report to Council to seek course-correcting direction.

6. Consultation on Proposed Regulatory and Process Changes

Given the specific Council direction relating to the rapid deployment of affordable housing, and to address the housing issues currently being experienced in the City, staff recommend that:

- Notice of these proposed changes be posted on the City website.
- With respect to the Zoning Bylaw amendments, consistent with the *Local Government Act* and City's LUPB, notice of the Public Hearing be advertised in the local newspaper and on the City website. On-site sign posting is not required where ten or more properties are affected by a City initiated Zoning Bylaw amendment.
- Focused consultation in the form of a 30-day referral be undertaken with the Non-Profit Affordable Housing providers, Urban Development Institute (UDI), and CALUCs by way of sending background information as well as an invitation to submit comments by a specific date.

Should Council wish to undertake broader or more lengthy consultation it would result in delays moving forward with any associated Bylaw amendments.

OPTIONS AND IMPACTS

Options

The options related to the “tier one and two” approaches have been outlined in the preceding sections; however, a summary is offered below. Council may also choose to leave the application process as is.

Option One – “Tier One” Approach

The “tier one” option alone would advance changes to the *Land Use Procedures Bylaw* to delegate authority to Director of Planning to review and, when consistent with relevant design guidelines, approve Development Permit applications (with and without variances.) The “tier one” approach facilitates a time savings of two to five months on average; however, it would apply to a very limited number applications and would therefore have a nominal impact.

Option Two – “Tier Two” Approach (Recommended)

This option expands on the “tier one” approach by advancing changes to the City’s Zoning Bylaws in order to increase the maximum density that projects can achieve to the maximum identified in the OCP provided that the project can be designed in such a way that it is still consistent with the relevant design guidelines. This combined approach would both apply to a greater number of applications and would yield a greater number of affordable housing units as levels of density consistent with OCP maximums could be achieved when design guidelines could be met. The “tier two” approach would facilitate a time savings of approximately four to nine months.

Option Three – Leave Regulatory Scheme and Approval Processes As Is

This option would simply maintain the status quo.

Accessibility Impact Statement

The recommended option may at times result in the inability of the City to negotiate Statutory Right of Ways and public realm improvements in excess of the standard requirements associated with Building Permits. At times this may result in narrower sidewalks which may result in narrower sidewalks than can be achieved through some rezoning processes. However, new developments would be required to meet accessibility requirements set out in the BC Building Code and staff would work with applicants to ensure features such as on site circulation and outdoor space respond to accessibility considerations in accordance with design guidelines.

2019-2022 Strategic Plan

The Strategic Plan contains several objectives relating to supporting viable and timely development activity, delivering an increased supply of affordable and rental housing, as well as maintaining a healthy economy.

Impacts to Financial Plan

Although the proposed amendments to the LUPB and Zoning Bylaw will not have a significant impact on the Financial Plan, the inability for the City to require Statutory Right of Ways and public realm improvements in excess of the standard requirements associated with Building Permits may at times result in the City paying for improvements and upgrades separately.

Resource Impacts

As the recommended changes reduce the amount of process required, it is expected that the recommendations would not place an additional burden on staff resources. Should Council approve the staff recommendations, the impacts of the regulatory and process changes will be monitored and, if necessary, staff will bring forward any resulting resource recommendations to Council through the annual financial planning processes.

Official Community Plan Consistency Statement

Continued residential and employment growth is central to achieving the vision and objectives of the OCP. These Bylaw amendments are consistent with Urban Place Designation targets and objectives, and address the numerous goals related to addressing housing needs and sustaining the economy by supporting the construction and housing industry.

CONCLUSIONS

The proposed amendments to the LUPB and the Zoning Bylaws would result in an expedited timeline for projects offering affordable housing along with the potential for additional density, on some sites, which would ultimately mean more affordable and supportive housing could be delivered. These positive impacts, resulting from procedural and regulatory amendments, directly address the Council motion seeking rapid deployment and delivery of affordable and supportive housing.

Respectfully submitted,

Jim Handy
Senior Planner – Development Agreements
Development Services

Karen Hoese, Director
Sustainable Planning and Community
Development Department

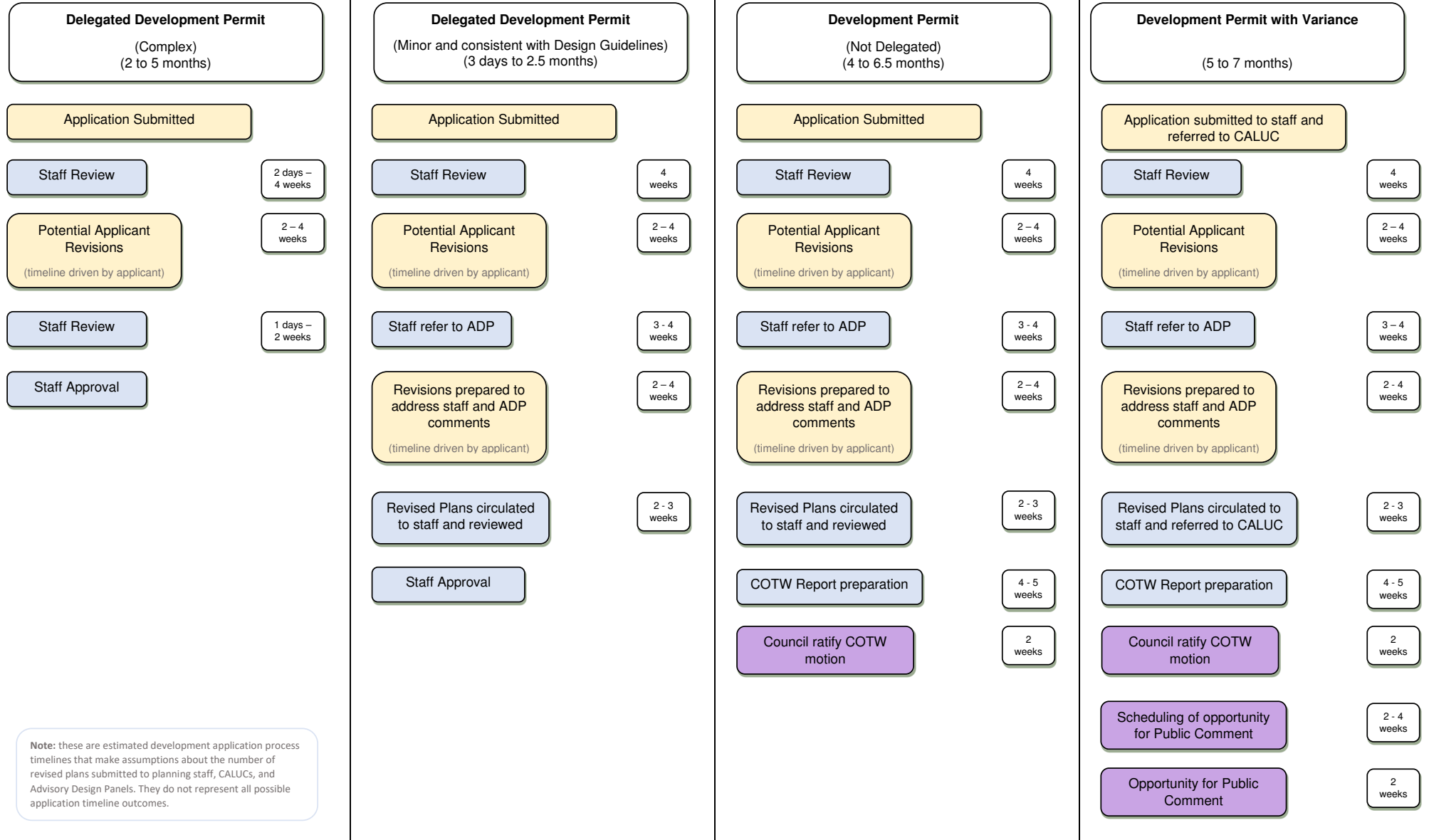
Alison Meyer
Assistant Director
Development Services

Report accepted and recommended by the City Manager.

List of Attachments

- Attachment A: DP Timelines and Processes
- Attachment B: Rezoning Application Timeline and Process.

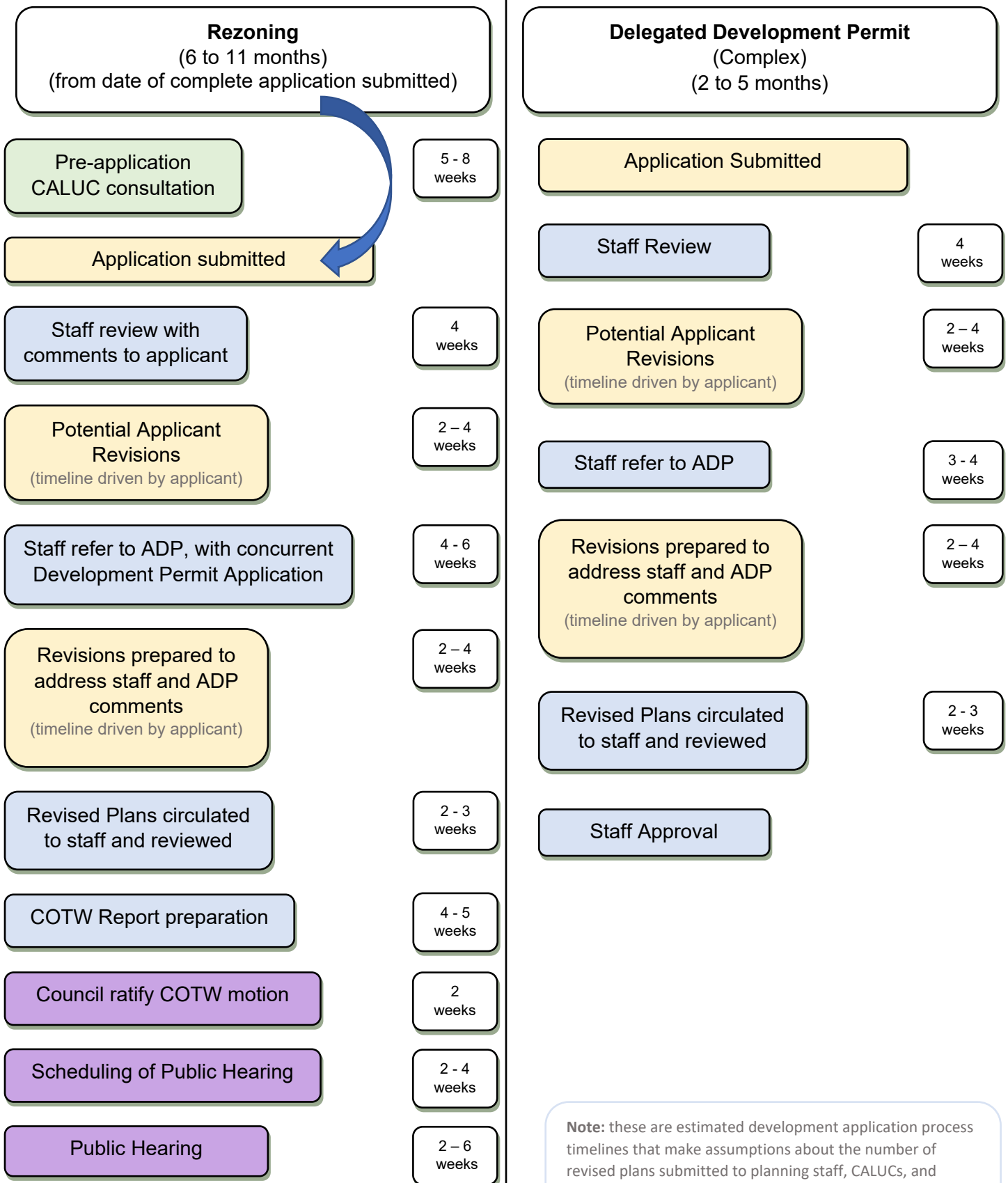
Attachment A: Process & Timelines
 Comparison between Delegated and Non-Delegated Development Permits



Note: these are estimated development application process timelines that make assumptions about the number of revised plans submitted to planning staff, CALUCs, and Advisory Design Panels. They do not represent all possible application timeline outcomes.

Attachment B: Process & Timelines

Comparison between Rezoning Application and Delegated Development Permits



Note: these are estimated development application process timelines that make assumptions about the number of revised plans submitted to planning staff, CALUCs, and Advisory Design Panels. They do not represent all possible application timeline outcomes.

Options for Supporting Rapid Deployment of Affordable Housing

2021



1

Presentation

- Supporting Rationale
- Legal Parameters
- Definition - Affordable Housing
- Options & Examples
- Challenges & Benefits
- Next Steps
- Recommendation



Options for Supporting Rapid Deployment of Affordable Housing

2

Supporting Rationale

Council Policy and Directives

- The Victoria Housing Strategy Phase II
- COVID Response & Recovery
- OCP Amendments
- Housing Needs Assessment, 2020
- Housing Strategy Annual Review, 2019



Options for Supporting Rapid Deployment of Affordable Housing

3

Supporting Rationale (Cont'd)

Housing Provider & Funder Feedback

- **Complexity and length of approval processes**
- **Uncertainty**
- **Funding**

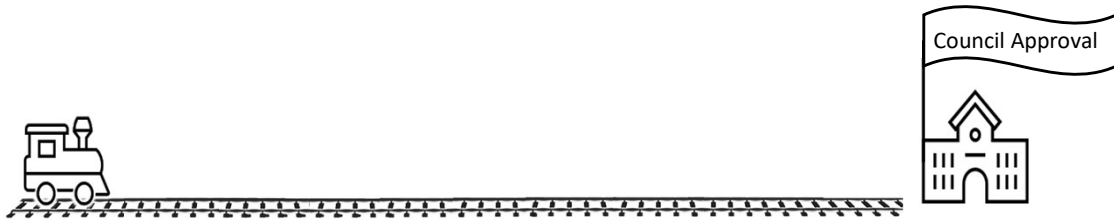


Options for Supporting Rapid Deployment of Affordable Housing

4

Supporting Rationale (Cont'd)

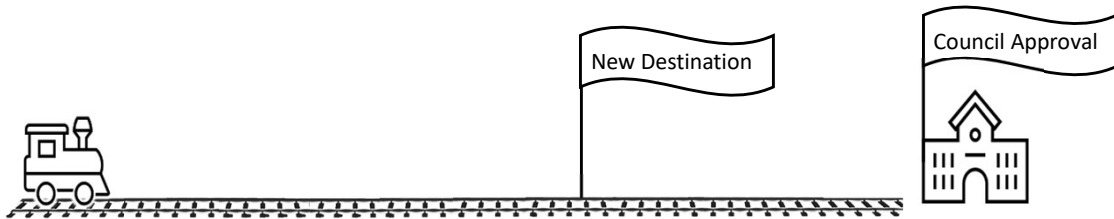
Council Direction re: Priority Applications



Options for Supporting Rapid Deployment of Affordable Housing

5

Shorten the Process Track



Options for Supporting Rapid Deployment of Affordable Housing

6

Legal Parameters

- **Complex web of legislation**
- **Proposed changes consistent with legal framework**

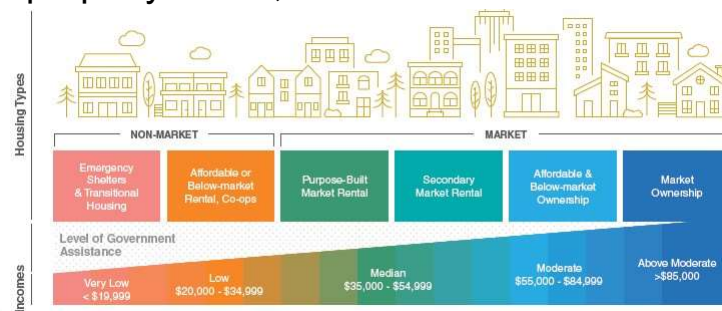


Options for Supporting Rapid Deployment of Affordable Housing

7

Affordable Housing Definition

- owned and operated by a non-profit or government agency, or operated by a non-profit or government agency subject to a legal agreement with property owner, and
- subject to a legal agreement securing affordability and rental tenure.



Options for Supporting Rapid Deployment of Affordable Housing

8

Options: Tier One

Delegate DPs for affordable housing, with or without variances, to the Director of Planning.

Must:

- Meet affordable housing definition
- Be consistent with design guidelines

Time savings: 2 – 4 months



Options for Supporting Rapid Deployment of Affordable Housing

9

Tier One – Example 1

- **Garden Suites**



Options for Supporting Rapid Deployment of Affordable Housing

10

Tier One – Example 2

- **New Buildings
DPAs 10 & 16**



Options for Supporting Rapid Deployment of Affordable Housing

11

Tier One – Example 3

- **Parking Variances**



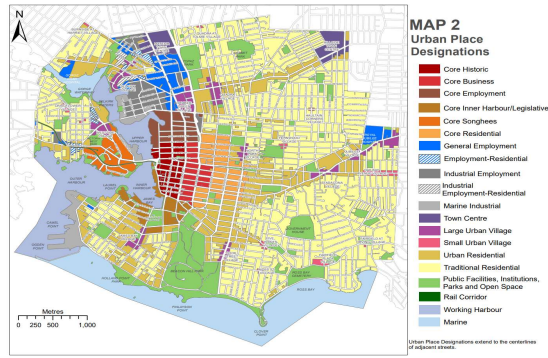
Options for Supporting Rapid Deployment of Affordable Housing

12

Options: Tier Two

Amend Zoning Bylaws to allow increased density, up to OCP max, for affordable housing projects.

Time savings: 3 – 9 months



13

Tier Two Example

R-K Townhouse Zone in Traditional Residential Designation in OCP

	Maximum Density (FSR)
Existing R-K Zone	0.6:1
OCP Traditional Residential	Up to 1:1
Proposed Zoning Bylaw Amendment	Up to 1:1 , only for affordable housing projects

14

Tier Two Example

R3-2 Zone in Urban Residential Urban Place Designation

	Density (FSR)
Existing R3-2 Zone	Permitted up to 1.6:1
OCP Urban Residential	Base density of 1.2:1 Maximum density of 2:1
Proposed Zoning Bylaw amendment	Permitted up to 2:1 , only for affordable housing projects



Options for Supporting Rapid Deployment of Affordable Housing

15

Challenges

- **SRWs / Public Realm Improvement**
- **Public Consultation**



Options for Supporting Rapid Deployment of Affordable Housing

16

Benefits

- **Accelerated timelines**
- **More affordable housing**
- **Greater certainty / funding**
- **Design oversight**
- **Senior Government option**
- **Reduced City resources**



Options for Supporting Rapid Deployment of Affordable Housing

17

Next Steps

- **Consult with development industry, affordable housing providers and CALUCs**
- **Report on feedback with advancement of bylaws**



Options for Supporting Rapid Deployment of Affordable Housing

18

Recommendation

1. That Council direct staff to:
 - a) undertake focused consultation with non-profit affordable housing providers, the Urban Development Institute and CALUCs in relation to the proposal to amend the Zoning Bylaws and *Land Use Procedures Bylaw*, as identified in this report;
 - b) in a subsequent report, provide Council with details of the feedback received and how the feedback has affected the amendments to the Zoning Bylaws and *Land Use Procedures Bylaw*.

And concurrently:

2. That Council direct staff to prepare amendments to the *Land Use Procedures Bylaw*, consistent with the “tier one option” in this report, to delegate the authority to the Director of Sustainable Planning and Community Development to issue all Development Permits, with or without variances, offering affordable non-market housing secured by legal agreement.
3. That Council direct staff to prepare amendments to the *Zoning Regulation Bylaw* and *Zoning Bylaw 2018*, consistent with the “tier two option” in this report, to allow the maximum density contemplated in the Official Community Plan to be the maximum density permitted for a specific site, where an affordable non-market housing development is proposed and affordable dwelling units are secured with a legal agreement to the satisfaction of Director of Sustainable Planning and Community Development and the City Solicitor.

