



Council Report

For the Meeting of July 14, 2022

To: Council **Date:** June 28, 2022
From: Karen Hoese, Director, Sustainable Planning and Community Development
Subject: **Missing Middle Housing Initiative Bylaw Amendments**

RECOMMENDATION

That Council:

1. Give first and second readings to *Zoning Regulation Amendment Bylaw 22-045*.
2. Give first, second and third readings to *Land Use Procedures Amendment Bylaw 22-057*.
3. Give first, second and third readings to *Affordable Housing Standards Bylaw 22-056*.
4. Give first and second readings to *Official Community Plan Amendment Bylaw 22-044* (the "OCP Amendment Bylaw").
5. Consider the OCP Amendment Bylaw in conjunction with the *City of Victoria 2018-2022 Financial Plan*, the *Capital Regional District Liquid Waste Management Plan*, and the *Capital Regional District Solid Waste Management Plan* pursuant to Section 477(3)(a) of the *Local Government Act* and deem those plans to be consistent with the proposed bylaw.
6. Refer the Zoning Regulation Amendment Bylaw and OCP Amendment Bylaw for consideration at a public hearing.
7. At the same Council meeting at which the associated OCP Amendment Bylaw and Zoning Regulation Amendment Bylaw are considered for adoption, and after third reading but before fourth reading of said Bylaws, consider approval by resolution of:
 - a. the *Missing Middle Design Guidelines (2022)*, and
 - b. the *Missing Middle Housing Policy (2022)*, as well as the updated *Burnside Neighbourhood Plan (2022)*, *Fairfield Neighbourhood Plan (2022)*, *Gonzales Neighbourhood Plan (2022)*, *James Bay Neighbourhood Plan (2022)*, *Jubilee Neighbourhood Plan (2022)*, *Oaklands Neighbourhood Plan (2022)*, *Rockland Neighbourhood Plan (2022)*, and the *Victoria West Neighbourhood Plan (2022)*.
 - c. The updated *Tenant Assistance Policy (2022)*.
8. Rescind the previous versions of the above-mentioned neighbourhood plans following approval of the respective 2022 versions.
9. Rescind the previous version of the *Tenant Assistance Policy* following approval of the respective 2022 version.

BACKGROUND

The following proposed bylaws are provided for Council's consideration:

- Zoning Regulation Amendment Bylaw No. 22-045 (Attachment A)
- Land Use Procedures Amendment Bylaw No. 22-057 (Attachment B)
- Affordable Housing Standards Bylaw No. 22-056 (Attachment C)
- Official Community Plan Amendment Bylaw No. 22-044 (Attachment D)

A blackline consolidated Land Use Procedures Bylaw is also included with this report (Attachment E) to serve as a reference for how the amended Land Use Procedures Bylaw would differ from the current version.

The issue came before Council on June 9, 2022 where the following resolution was approved:

Missing Middle Housing Engagement and Next Steps

1. That Council direct staff to:
 - a. Prepare bylaws to amend:
 - i. The Zoning Regulation Bylaw to permit houseplexes, corner townhouses, heritage conserving infill, and accessory uses, as described within this report.
 - ii. The Zoning Regulation Bylaw to establish land dedication requirements to support mobility and urban forest objectives, as incentivised by the density bonus structure of proposed zoning for missing middle housing forms.
 - iii. The Land Use Procedures Bylaw to delegate development permit approvals to staff for cases where proposed missing middle housing is permitted in zoning, development applications are consistent with the Missing Middle Design Guidelines, and no zoning variances are requested. Also, to establish delegated development permit application fees of \$5,000 for projects with 6 or fewer dwelling units, and \$8,000 for projects with 7 to 12 units.
 - iv. The Land Use Procedure Bylaw to provide for a refund of \$5,000 of development permit application fee related to a missing middle project where the applicant submits and complies with a tenant assistance plan consistent with the Tenant Assistance Policy.
 - b. Prepare an Affordable Housing Standards Bylaw to establish income limits for households qualified to purchase a Below Market Home Ownership unit and a definition of affordable rental housing.
 - c. Bring forward the above-mentioned bylaws and the OCP Amendment Bylaw for first and second reading.
 - d. Monitor the impact of any missing middle zoning changes against the achievement of objectives summarized in the Missing Middle Housing Policy, Including options for prioritizing new co-operative housing, non-profit housing and public housing in the eligibility requirements for increased zoning entitlements arising from the proposed Missing Middle amendments, loss of units that fall into the definition of affordable in the City of Victoria number of displacements and number of tenant assistance policies and report back to Council with any recommended process, regulatory, and policy improvements in two years or earlier if significant unintended effects become more immediately apparent or market conditions change significantly.

- e. Monitor resourcing implications and report back to Council on any further resourcing implications as part the 2023 budget planning process. Report back sooner with resource implications if a high volume of applications is received.
 - f. Amend the Tenant Assistance Policy to provide for appropriate measures to assist tenants displaced as a result of a missing middle project.
2. That Council consider approval of the Missing Middle Housing Policy and the updated versions of the Burnside Neighbourhood Plan, Fairfield Neighbourhood Plan, Gonzales Neighbourhood Plan, James Bay Neighbourhood Plan, Jubilee Neighbourhood Plan, Oaklands Neighbourhood Plan, Rockland Neighbourhood Plan, and Victoria West Neighbourhood Plan at the same Council meeting at which the above bylaw amendments are considered.
 3. That upon approval of the Missing Middle Housing Policy and updated versions of neighbourhood plans, Council rescinds the previous versions of said neighbourhood plans.
 4. Revise the fee to \$10,000 for buildings of 6 units and less and \$13,000 for buildings of 7 units or more.
 5. *That Council direct staff to hold an information session for the public on July 12th give bylaw readings on July 14th and schedule a Public Hearing for Aug 4th and that Council authorize an expenditure of up to \$25,000 if necessary, from the 2022 contingency budget.*

ISSUES AND DISCUSSION

Some notable aspects of the bylaw amendments are highlighted in this report due to their difference from approaches outlined at the May 5, 2022 Committee of the Whole Meeting following further analysis during bylaw preparation. These changes are described below.

Missing Middle Zoning Limited to the Traditional Residential Designation

The broad intent of the Missing Middle Housing Initiative is to implement the *Official Community Plan* (OCP), namely the envisioned forms and uses in the OCP's Traditional Residential Urban Place Designation. The proposed city-initiated zoning supports those envisioned forms (Missing Middle forms) in the four most common low-density residential zones in city (R1-A, R1-B, R1-G, R-2). However, these zones are also found in areas outside of Traditional Residential, where the OCP envisions other important forms and uses, including medium and higher density residential and mixed uses.

To avoid unintended consequences of enabling missing middle forms where other uses are envisioned by different Urban Place Designations in the OCP, the Zoning Regulation Amendment Bylaw ties Missing Middle regulations to the OCP's Traditional Residential Urban Place Designation. This means a property must be in one of the four common zones noted above **and** have the Traditional Residential Designation in the OCP to receive Missing Middle zoning regulations.

This conditionality of zoning regulations on the Traditional Residential Designation is highlighted through this report because it was not explicitly noted in the approach outlined at the May 5, 2022 Committee of the Whole meeting. One implication of this approach is that when OCP designations change, as they are expected to through local area planning, the extent of properties with Missing Middle zoning permissions would also change. This implication illustrates how important it will be to consider zoning changes after land use changes are approved to support envisioned uses.

Exclusion of Gorge Waterfront Properties

One additional exclusion of properties from missing middle zoning permissions that was not outlined

during the May 5, 2022 Committee of the Whole meeting relates to waterfront properties in the Gorge Waterway. Due to their location along this waterfront, the existence of specific related policies in the OCP, and their inclusion within Development Permit Area 8: Victoria Arm – Gorge Waterway (designated for protection of the natural environment, its ecosystems and biological diversity), these properties are unique and require special considerations best facilitated through a rezoning process.

Open Space Requirements

The Zoning Regulation Amendment Bylaw specifies a 45% minimum open space requirement for houseplexes and corner townhouses. This differs from the 40% minimum open site space requirement outlined in the May 5, 2022 Committee of the Whole report. This change is a result of an opportunity identified during bylaw drafting for the regulation to better reflect the underlying objectives to prioritize usable outdoor space and the continued growth of the urban forest by preventing excessive paving of back yards for vehicle parking.

Heritage Conserving Infill Setbacks

The approach to setbacks for the heritage conserving infill use, as outlined in the May 5th Committee of the Whole report, provided for a 2m side or rear setback except where a building face includes windows into a habitable room (i.e., rooms that are not a hallway, bathroom, storage, or kitchen). Instead, the Zoning Regulation Amendment Bylaw specifies a 5m setback required for the rear yard and one side yard, with the other side yard setback required to be 2m. Combined with direction regarding window placement, provided through the Missing Middle Design Guidelines, this approach provides greater certainty of the underlying objectives pertaining to infill building orientation and mitigation of overlook.

Missing Middle Design Guidelines

An updated version of the Missing Middle Design Guidelines is also attached to this report (Attachment H). The design guidelines differ from the version attached to the May 5th Committee of the Whole Report due to some restructuring and additional text to make the document easier to navigate and interpret – particularly to create standalone sections in the document where the guidance pertaining to specific typologies is consolidated, leaving the first part of the document to consistently focus on guidelines with general application to all forms of missing middle housing. This document would come into force through the changes to Development Permit Area 15F proposed as part of the OCP Amendment Bylaw.

CONCLUSION

Aside from the differences noted above, the draft bylaws attached to this report for Council's consideration have been prepared consistent with the direction provided through the June 9, 2022 Council motion.

Respectfully submitted,

Malcolm MacLean
Community Planner
Community Planning Division

Karen Hoese, Director
Sustainable Planning and
Community Development Department

Report accepted and recommended by the City Manager.

List of Attachments

- Attachment A: Zoning Regulation Amendment Bylaw No. 22-045
- Attachment B: Land Use Procedures Amendment Bylaw No. 22-057
- Attachment C: Affordable Housing Standards Bylaw No. 22-056
- Attachment D: Official Community Plan Amendment Bylaw No. 22-044
- Attachment E: Blackline consolidated Land Use Procedures Bylaw
- Attachment F: Missing Middle Design Guidelines