



Committee of the Whole Report For the Meeting of July 28, 2022

To: Committee of the Whole **Date:** July 18, 2022
From: Karen Hoesé, Director, Sustainable Planning and Community Development
Subject: Official Community Plan Annual Review 2021

RECOMMENDATION

That Council receive the Official Community Plan Annual Review 2021 (Attachment 1) for information and direct staff to communicate the findings and highlights to the public.

EXECUTIVE SUMMARY

The purpose of this report is to present the results of the Official Community Plan Annual Review (Annual Review) for 2021. This is the tenth annual snapshot of progress towards achieving the *Official Community Plan* (OCP). It presents 17 indicators related to the OCP and reports key findings from the 2021 calendar year.

Overall, the indicators for the 2021 calendar year show that targets are mostly being met or exceeded, with several indicators experiencing changes worth noting:

- A net total of 1289¹ new housing units were created in 2021. This is a significantly higher number than in the previous year (614), and the second most active year since 2012.
- Over time, the City continues to see less residential development in and within walking distance of Town Centres and Large Urban Villages than envisioned in the OCP, with higher proportions of development in the Urban Core and in Small Urban Villages and the remainder of residential areas.
- 93.3% of all new units were apartments. This is a significantly higher proportion than in 2020 (79%), reflecting the prominence of higher density developments within the urban core. The ongoing Missing Middle Housing Initiative is one of several actions the City is taking to increase housing diversity in traditional residential areas, including areas around urban villages.
- Of the 1365 gross new units created in Victoria, 61.1% were identified as rental units, 36.5% as strata ownership, and 2.4% as fee simple ownership. The high proportion of purpose-

¹ Note that any reference to number of housing units or rental units in this report is strictly based on building permits issued in 2021 and does not include the 184 net-new supportive housing units being advanced by the Provincial Government that will be exempt from the development process or any temporary housing units approved by the City in 2021.

built rental units is similar to the year before, however the absolute number (835) is by far the highest observed since 2012.

- The primary rental market vacancy rate was very low at 1.0% in the fourth quarter of 2021, signalling a low inventory and high demand for purpose-built rentals.
- In 2021, Victoria accommodated 27% of the region's new housing units, while the Urban Core accommodated 18%. This is on par with the general trend since the OCP was adopted in 2012.
- A total of 3.9km of the greenways network was implemented or upgraded in 2021. Some of these improvements are also included in the 4.5km of upgrades or additions to the Cycling Network.
- The total amount of permits issued for tracked activities in public spaces saw an increase in 2021, compared to the year before which was a record low since the 2012 baseline.
- Industrial space continues to be in shortage, with an all-time low of 0.1% in Greater Victoria and 0.2% within the City of Victoria.

The preparation of the Annual Review is guided by the OCP adaptive management approach, which establishes a regular cycle of plan implementation, monitoring and adjustment. The Annual Review is intended to help identify emerging trends, issues and new knowledge that may have an impact on the OCP and over time inform potential changes to the OCP and other plans, policies and practices.

PURPOSE

The purpose of this report is to present the results of the OCP Annual Review for the 2021 calendar year.

BACKGROUND

On July 30, 2012, Council adopted the *Official Community Plan* (OCP). One of the distinguishing features of the OCP is its adaptive management approach, which establishes a regular cycle of plan implementation, monitoring and adjustment that supports the OCP's long-term goals and objectives and ensures that the OCP responds to emerging issues and opportunities.

The OCP monitoring program includes both annual and five-year reporting. The annual review evaluates the progress toward OCP implementation, goals and objectives, and reports on key annual indicators (OCP Policy 22.9). The Five-Year Monitoring Report was envisioned to feature a comprehensive set of indicators and a more detailed evaluation of the plan progress (OCP Policy 22.11), prepared approximately every five years as resources allow. The first five-year report was completed in connection with the OCP Annual Review 2017 and was received by Council in July 2018. The ten-year review is scheduled to be initiated later in 2022.

OCP Annual Indicators

The OCP Annual Review 2021 (Attachment 1) presents the tenth annual snapshot of progress towards achieving the OCP. It monitors annual indicators related to the OCP and, in conjunction with previous annual reviews and the Five-Year Report received in 2018, provides a reference point against which progress can be measured in future years.

The following annual OCP indicators are reported in each Annual Review. The indicators are focused primarily on land management and development and are limited to those where data is available on an annual basis:

1. New housing units
2. Share of new housing units in growth target areas
3. Regional share of new housing units
4. New commercial and industrial space in target areas
5. Improvements to greenways network
6. Improvements to sidewalk network
7. Improvements to cycling network
8. Improvements to underground infrastructure
9. Activities in public spaces
10. New trees on City lands
11. New housing units by tenure
12. New housing units by type
13. Rental housing vacancy rate
14. Emergency shelter use
15. Retail, office, and industrial vacancies
16. Official Community Plan amendments
17. Contributions from development

OCP Annual Review 2019 – Council Motion

In conjunction with the 2019 OCP Annual Review reporting, Council directed staff to undertake OCP amendments as part of adaptive management, to ensure the OCP is up to date with other City plans and policies that came into effect since OCP adoption, and to include policies on more recent City objectives. At the October 15, 2020 Council meeting, the following motion was passed:

“That Council:

- 1. Receive the Official Community Plan Annual Review 2019 (Attachment 1) for information and direct staff to communicate the findings and highlights to the public.*
- 2. Direct staff to prepare amendments to the Official Community Plan, 2012 as part of the adaptive management framework to address the following:*
 - a. Alignment with the Victoria Climate Leadership Plan, 2018*
 - b. Alignment with Go Victoria – Our Mobility Future, 2019*
 - c. Alignment with the Transgender, Non-Binary and Two Spirit + Inclusion Plan, 2019*
 - d. Alignment with the Accessibility Framework, 2020*
 - e. Alignment with Victoria 3.0*
 - f. This should be aligned with the endorsed guidelines and principles of the equity framework.*
 - g. Amendments to support the Inclusionary Housing and Community Amenity Policy, 2019 regarding Council’s motion of June 27, 2019 to consider densities and building heights above OCP maximums for affordable housing and community amenity contributions*
 - h. Amendments to help achieve Victoria Housing Strategy objectives and COVID-19 recovery, including the priority action to advance and support the rapid supply of*

affordable and supportive housing with government partners and non-profit housing providers

- i. Amendments to Section 6: Land Management and Development to fix inconsistent language and improve policy interpretation*
 - j. Amendments to Appendix A: Development Permit Areas to add the Guidelines for: Multi-Unit Residential, Commercial and Industrial to: DPA 4: Hillside Town Centre; DPA 5: Stadacona Village, Jubilee Village (excepting Jubilee Hospital), James Bay Village; DPA 6A: Oak Bay Avenue Village; DPA 7A: Hillside Corridor, Oak Bay Avenue Corridor, Fort Street Corridor (north of Oak Bay Avenue), Shelbourne Avenue Corridor; and DPA 7B(HC): Fort Street Corridor.*
- 3. Consider consultation under Section 475(2)(b) of the Local Government Act and direct that no referrals of the Official Community Plan Amendment Bylaw are necessary to the Capital Regional District Board, Island Health, provincial or federal governments, Township of Esquimalt, District of Saanich and the District of Oak Bay.*
 - 4. That the OCP amendments be referred to the Esquimalt and Songhees Nations.*
 - 5. Consider consultation under Sections 475(1) and 475(2) of the Local Government Act and direct consultation on the proposed Official Community Plan amendments in accordance with the consultation plan in Attachment 2.”*

An update on this project is provided in this report.

ISSUES & ANALYSIS

1. OCP Annual Indicators

Overall, the indicators for the 2021 calendar year show that targets are mostly being met or exceeded, with several indicators experiencing changes that are worth noting. The following is a high-level summary of several targets. More specific details on each indicator are included in the OCP Annual Review (Attachment 1).

- **A net total of 1289 new housing units were created in 2021. This is a significantly higher number than in the previous year (614), and the second most active year since 2012.** The vast majority of this development was located in and near the urban core, with Victoria West, Burnside, Downtown and Harris Green seeing the highest numbers. No neighbourhood saw a net loss of units in 2021.
- **Over time, the City continues to see less residential development in and within walking distance of Town Centres and Large Urban Villages than envisioned in the OCP, with higher proportions of development in the Urban Core and in Small Urban Villages and the remainder of residential areas.** In 2021, 69% of residential development occurred in the Urban Core, 22% fell within walking distance of Town Centres and Large Urban Villages, and 9% in Small Urban Villages and the remainder of residential areas.
- **93.3% of all new units were apartments. This is a significantly higher proportion than in 2020 (79%), reflecting the prominence of higher density developments within the urban core.** In absolute numbers, the number of single-family dwellings, duplex units and garden suites created were similar to the year before, while fewer townhouse units and secondary suites were observed. No triplex or fourplexes (i.e., houseplexes) received building permits in 2021. The ongoing Missing Middle Housing Initiative is one of several actions the City is taking to increase housing diversity in traditional residential areas, including areas around urban villages.

- **Of the 1365 gross new units created in Victoria, 61.1% were identified as rental units, 36.5% as strata ownership, and 2.4% as fee simple ownership.** The high proportion of purpose-built rental units is similar to the year before, however, the absolute number (835) is by far the highest observed since 2012. The recent strong interest in rental development can partly be attributed to low interest rates, creating favourable borrowing conditions and enhancing the viability of rental housing.
- **The primary rental market vacancy rate was very low at 1.0% in the fourth quarter of 2021, signalling a low inventory and high demand for purpose-built rentals. The strong demand for rental is also resulting in higher monthly rents.** Greater Victoria vacancy rates followed the same pattern, also decreasing to 1.0% from 2.2% the year before. In 2021 the rental market conditions continued to tip in the favour of landlords and builders of rental. A balanced market is considered to have a rental vacancy rate of around 3-5%.
- **In 2021, Victoria accommodated 27% of the region's new housing units, while the Urban Core accommodated 18%. This is on par with the general trend since the OCP was adopted in 2012.** In total, between 2012-2021, 28% of new units in the region have been located within the City of Victoria and 17% of new units within Victoria's Urban Core. If this pattern continues, the 2041 target will be exceeded.
- **A total of 3.9km of the greenways network was implemented or upgraded in 2021.** Some of these improvements are also included in the 4.5km of additions or upgrades to the Cycling Network.
- **The total amount of permits issued for tracked activities in public spaces saw an increase in 2021, compared to the year before which was a record low since the 2012 baseline.** The increase in permits reflects the gradual easing of the COVID-19 public health orders on public gatherings. In total, 418 permits were issued in the categories tracked.
- **Industrial space continues to be in shortage, with an all time low of 0.1% in Greater Victoria and 0.2% within the City of Victoria.** The downtown office space vacancy rate was at 6.6%, which is on par with the last few years' averages. The downtown street front vacancy rate continued to rise in 2021, to 7.9%. The city-wide vacancy rate for shopping centres decreased to 3.5%, likely due to a lack of new supply in combination with a rising population and increased activity after pandemic restrictions started to lift.

2. OCP Update - Project Progress

Following the presentation of the 2019 OCP Annual Review, Council directed staff to undertake a series of amendments to the OCP to reflect recently approved plans and policies, improve clarity and respond to emerging trends.

Key updates include alignment with *Go Victoria – Sustainable Mobility Strategy*, the *Climate Leadership Plan*, and other citywide plans and policies, as well as amendments to improve clarity in the Land Management section of the plan and to support Council directions to advance the supply of affordable housing. Design guidelines for some Development Permit Areas are also proposed to be replaced with more recent, comprehensive guidelines which are already in place in other areas of the city.

In the summer of 2021 early engagement with the community was conducted and included online surveys by subject area, email notification to stakeholders and a brief video describing the nature of the updates. Internal staff workshops and discussion with partner organizations were also held. The first round of community engagement revealed general support for the amendments and for keeping the OCP up-to-date and aligned with current policies and initiatives.

Staff has since been working interdepartmentally on the detailed updates for each section of the OCP, including text edits and the development of new maps. A detailed summary of the updates being considered have been available to the community for review and feedback since late June of this year, and this second phase of engagement remained open until July 17, 2022. Engagement is primarily taking place online, including new surveys for each subject area, in addition to a mailer to properties directly affected by potential development permit area changes, as well as meetings and correspondence with other stakeholders.

Comments and concerns from the community reflected those that were heard in previous City engagements held for the related topic. Some comments expressed a desire for larger, more substantive changes to the OCP. In responding, staff clarified that the nature of these updates are 'housekeeping' rather than to develop new overarching goals and objectives for the city. Comments relevant to ongoing projects that will likely result in OCP amendments, such as local area planning or the Missing Middle Housing Initiative, were directed accordingly.

Throughout the engagement process, staff is continuing to clarify the role of the OCP and the nature of its Adaptive Management Framework, noting specifically that the 10-year review will provide another opportunity to consider potential updates and will include broad engagement with the public. The OCP Update amendments will be finalized and presented to Council for consideration later in 2022.

CONCLUSIONS

The Annual Review presents the tenth annual snapshot of progress towards achieving the OCP. This report presents data from the 2021 calendar year, which can be compared to the findings in previous Annual Reviews since 2012 and the 5-Year Monitoring Report to begin to understand if trends are developing. Many of the OCP indicators do not yet show conclusive trends within this limited time frame, however some patterns are emerging with regard to housing diversity and the distribution of residential development.

The City is continuing to see strong development in the urban core, with the 2021 calendar year bringing significant amounts of new housing mainly in the form of apartments to Downtown and adjacent neighbourhoods. Over the last several years a high proportion of new units are purpose-built rental units, suggesting improved market conditions for rental housing. However, the vacancy rate for the primary rental market remains low.

While the number of new single-family dwellings, duplexes and secondary suites created remains steady, the number of new townhouses and houseplexes created in 2021 dropped. Over the last several years the City has seen most new units as apartments while other housing types (townhouses, houseplexes) represent a very small amount of the new housing created. The proposed Missing Middle Housing Initiative is one of several actions the City is currently advancing to increase housing options and respond to the OCP goals related to housing diversity.

In comparison to the targets stated in the OCP, areas in and around Town Centres and Large Urban Villages also continue to see a smaller portion of all residential development than desired, with a higher portion than envisioned in both the Urban Core and the remainder of residential areas including Small Urban Villages. In 2021, there was a noticeable increase in permits issued for public activities such as special events and street entertainers, following the gradual easing of COVID-19 restrictions. Also, in 2021 the City made significant progress toward the delivery of the greenways and cycling networks.

Overall, the indicators for the 2021 calendar year indicate that most targets are being met or exceeded.

Respectfully submitted,

Amanda Blick McStravick
Planning Assistant,
Community Planning Division

Andrea Hudson
Assistant Director,
Community Planning

Karen Hoese, Director
Sustainable Planning and
Community Development Department

Report accepted and recommended by the City Manager.

List of Attachments

- Attachment 1: Official Community Plan Annual Review 2021