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Purpose of Report

- Report back on emerging impacts of the Inclusionary Housing and Community Amenity Policy (IHCAP).
- Ensure fixed contribution (cash-in-lieu) targets reflect market conditions.
- Bring forward updates to IHCAP as part of the City's adaptive management approach.



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Inclusionary & Community Amenity Policies

- Request Community Amenity Contributions (CACs) via 'land lift'
- Tool for managing growth
- Market-based affordability tool
- Encourage mixed-income communities



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Background on City Policy

- Adopted June 2019
- Builds on previous density bonus policies
- Evidence-based process
- Involved key stakeholders
- Council direction to provide a three-year report back

Victoria City Council approves inclusionary housing policy

After years of back and forth, the policy will be ratified in two weeks

DEVON BIDAL / Jun. 15, 2019 6:17 p.m. / LOCAL NEWS / NEWS



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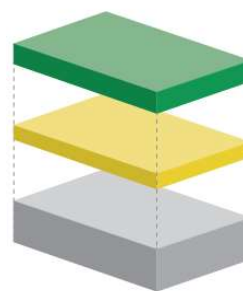
Structure of Policy

- Applies to rezoning applications
- Focus on multi-family residential and mixed-use residential applications
- Encourages CACs in form of inclusionary housing units or monetary contributions
- Expected CACs based on project size, type of application and density level
- Establishes two **types** of rezoning applications:
 - Approach 1: **Typical** rezoning applications
 - Approach 2: **Atypical** rezoning applications

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Approach 1: Typical Rezoning Applications

- Targets for CAC requirements where projects align with OCP
- Contribution targets reflect level of bonus density
- Targets 10 - 20% inclusionary housing units in "Large Projects"
- Targets monetary contributions in "Small and Moderate Projects"



Level "B" OCP Base Density to Proposed Density

Level "A" Existing Zoning to OCP Base Density

As-of-right Zoning

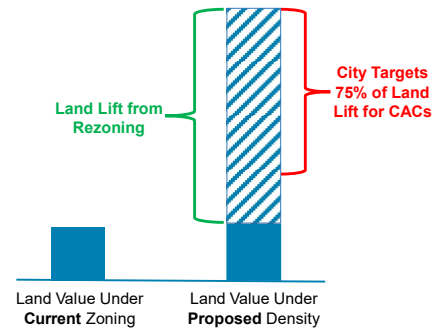
Levels of Bonus Density

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Approach 2: Atypical Rezoning Applications

- Criteria for atypical applications is established in Policy
 - For example, rezoning applications seeking a OCP amendment.
- Requested CACs determined through a third-party economic analysis
- Targets 75% of land lift that would be directed to:
 - Monetary contributions, or
 - Inclusionary housing units

Illustrative Example of Land Lift Capture



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Scope of Three-year Review Process

- Understand early impacts of the Policy
- Review of cash-in-lieu fixed contribution targets
- Integrate recently adopted OCP Urban Place Designations
- Adaptive management of Policy
- Maintain key objectives and intent of Policy

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Monitoring: Applications Subject to Policy

- 90 applications (rezonings & development permits) approved since adoption
- Various applications not generally expected to provide CACs under Policy:
 - Projects not requiring a rezoning
 - Secured rental (except atypical applications)
 - Non-market rental
 - Traditional Residential (OCP Urban Place Designation)
 - Heritage conservation
- Few applications expected to provide CACs under Policy

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Monitoring: Strata Rezoning Applications

Strata rezoning applications approved since June 2019

| Type of Strata Project | Number of Applications |
|---|------------------------|
| Strata-residential / mixed-use rezoning applications submitted and approved after policy adoption. | 8 |
| Projects <u>Not</u> Expected to Provide IHCAP Contributions | |
| Projects in Urban Place Designations not subject to policy. | 4 |
| Projects where significant heritage conservation benefits were provided. | 2 |
| Projects Expected to Provide IHCAP Contributions | |
| Strata rezoning applications subject to the IHCAP contribution targets. | 2 |

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Contributions Secured Since Adoption*

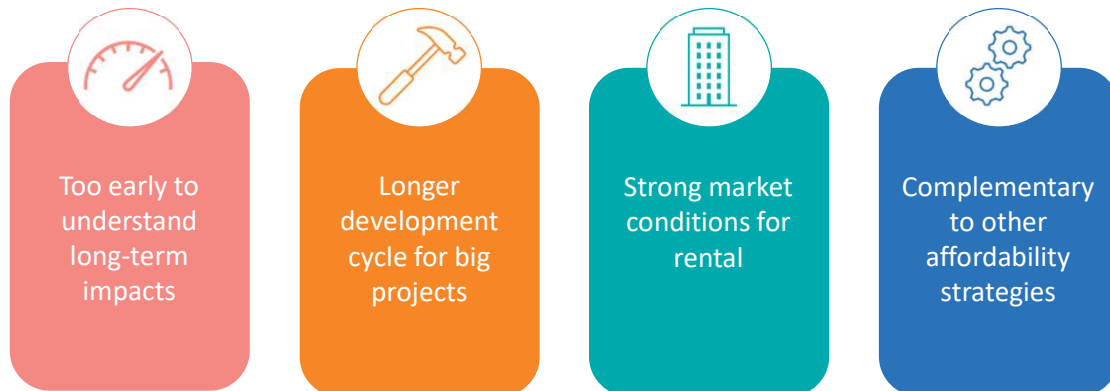
- Applications submitted prior to June 13, 2019*
 - 14 affordable rental units secured
 - 119 affordable homeownership units secured
 - \$304,970 in cash contributions secured

**Applications prior to adoption were subject to legacy density bonus policies*
- Applications after adoption in June 2019
 - 10 affordable homeownership units secured voluntarily (from three projects)
 - \$244,021 in cash contributions secured under the Policy (from two projects)

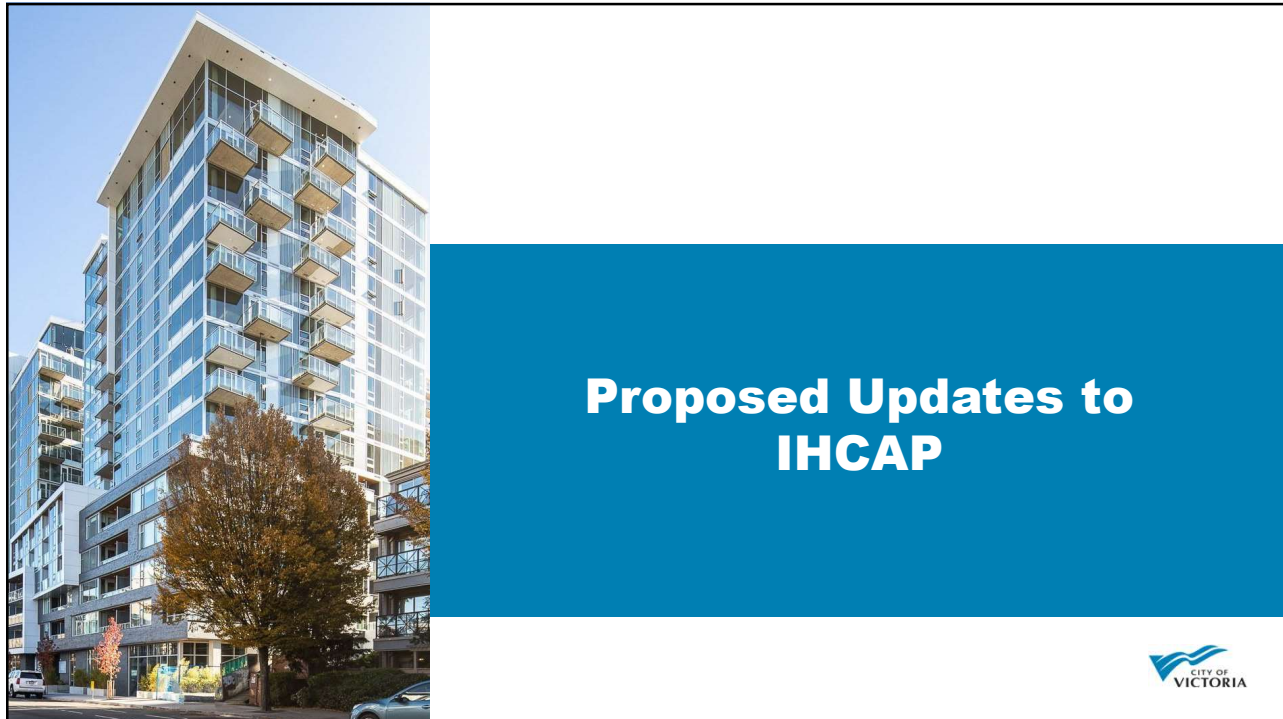
** Analysis includes approvals up to end of 2022.*

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Emerging Outcomes of Policy



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Recommended updates: Integrate OCP Designations

- Two OCP designations adopted through local area plan process
- Mixed Residential:
 - Cash-in-lieu contribution rate of \$5/ft² for strata
- Housing Opportunity,
 - Focus on applications seeking greater than 2.0:1 FSR,
 - Secured rental with affordability for households with median incomes
- Recommended targets reflect the following:
 - Local are plan goals, economic analysis, and housing strategy objectives

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Recommended updates: Adaptive management

Interpretation and Guidance

- Additional guidance on atypical applications, secured rental housing, mixed-use applications and process for economic analysis.
- Appendix of definitions added

Policy Alignment

- Adjust term of housing agreements for secured market rental projects to perpetuity.
- Rescindment of the 2016 Density Bonus Policy.

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Recommended updates: Adaptive management

Targets for Inclusionary Housing Units

- Affordable rental units:
 - Align median income rates & income limits to 2021 Census data.
- Affordable homeownership units:
 - Align household income limits to 2021 Census data (\$70,000-\$99,000).
 - Provide flexibility on income limits for 2-bedroom & 3-bedroom units.

Current Median Income Affordable Rental Rates

| | Studio | 1 Bed | 2 Bed | 3+ Bed |
|-------------------------------|----------|----------|----------|----------|
| Monthly Housing Costs | \$875 | \$1,050 | \$1,300 | \$1,750 |
| Annual Gross Household Income | \$35,000 | \$42,000 | \$50,000 | \$70,000 |

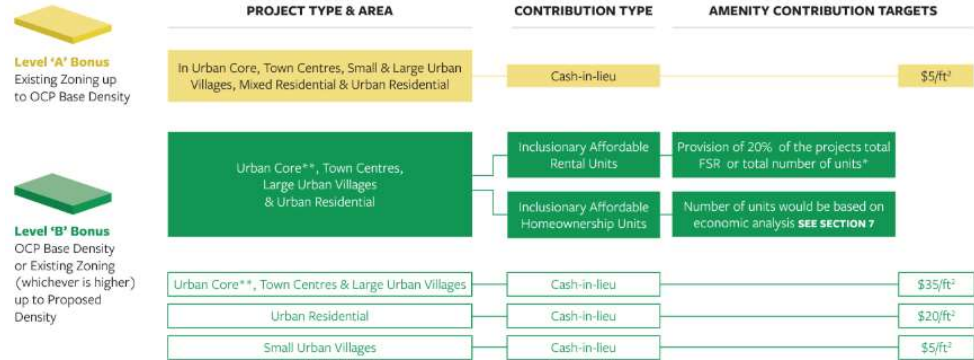
Proposed Median Income Affordable Rental Rates

| | Studio | 1 Bed | 2 Bed | 3+ Bed |
|-------------------------------|----------|----------|----------|----------|
| Monthly Housing Costs | \$1,125 | \$1,250 | \$1,400 | \$1,750 |
| Annual Gross Household Income | \$45,000 | \$50,000 | \$55,000 | \$69,999 |

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Recommended updates: Formatting & layout

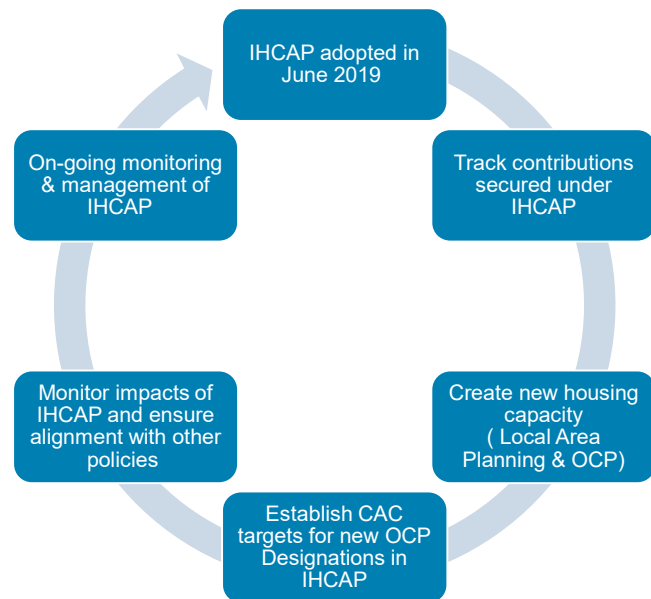
- Design of tables
- Section headings
- Document layout



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Conclusion

- Too early to determine long-term impacts
- Adoption coincided with robust conditions for rental
- Complementary tool for housing affordability
- Proposed updates support adaptive management
- Ensure alignment with City policies and improve usability



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Summary of Recommendations

- That Council receive the report for information.
- That Council adopt updated Inclusionary Housing and Community Amenity Policy 2023 (as per Attachment 1)
- And That Council rescind the 2016 Density Bonus Policy and 2019 Inclusionary Housing and Community Amenity Policy.

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Questions?

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