



Committee of the Whole Report For the Meeting of February 8, 2024

To: Committee of the Whole **Date:** January 26, 2024
From: Karen Hoese, Director, Sustainable Planning and Community Development
Subject: OCP 10-Year Update Draft Directions

RECOMMENDATION

That Council:

1. Endorse in principle the Key Directions for the OCP 10-year Update (Attachment A) and the Emerging Policy Framework for the OCP 10-year Update (Attachment B).
2. Endorse in principle the *Zoning Bylaw* Modernization Approach as described in this report.
3. Endorse in principle the *Subdivision and Development Servicing Bylaw* Renewal Approach as described in this report.
4. Instruct the Director of Sustainable Planning and Community Development to advance public consultation, as previously approved by Council, on the directions endorsed in principle above and the two rental zoning application approaches described in this report.
5. Advance today's motions to the daytime Council of February 8, 2024.

EXECUTIVE SUMMARY

The Official Community Plan 10-year Update process, inclusive of regulatory updates, was approved by Council in May of 2023. Staff have since been undertaking technical background work, preparing draft directions and planning engagement. This report provides Council with an opportunity to consider the draft directions and advance them to public engagement.

The Provincial legislative framework that guides municipal land management tools has shifted significantly in recent months, including specific housing targets directed through the authority of the *Housing Supply Act*. These shifts have informed the draft directions for both the OCP and zoning modernization. A summary of the relevant changes and their impact on this work is outlined in Attachment C. Generally, Victoria is in the fortunate position of having recently completed an administrative update and having already considered modernizing its land management tools in a manner that is aligned with Provincial direction, and has now undertaken the technical work to advance that direction.

Still, it is important to recognize that the City alone cannot ensure housing targets are reached. Municipalities have the ability and authority to lay the regulatory groundwork to enable diverse development, but ultimately, do not construct housing. Meeting the Provincial housing targets and objectives is only partially within the City's control. The housing system is complex and made up of diverse actors, including market and non-market developers, non-profit organizations and all orders of government, all of whom have a role to play.

Attachment A to this report (Victoria 2050 Key Directions) describes the impact and implications of the significant policy and regulatory shifts being proposed in this update. Attachment B (Emerging Policy Framework) outlines the new direction and framework for the updated OCP, including the new Urban Structure Map and Guidance. The proposed 2050 Vision states:

*“Over the next three decades, the City of Victoria will thoughtfully and intentionally navigate difficult trade-offs in pursuit of the following vision: **Victoria is a diverse community anchored by a range of livable housing options, the prosperous urban core of British Columbia’s capital region, and a global leader in the implementation of climate-forward urban infrastructure.**”*

Anticipated population growth and the City's understanding of current and future housing needs are a key input for updated policies and regulations. Victoria is growing faster than previously anticipated and is projected to reach a population of 142,000 by 2050. This growth will result in the formation of approximately 26,600 new households. After accounting for a latent demand estimate of approximately 8,000 housing units, the City's total house needs for the 2050 planning horizon amount to 34,600 units. This new supply will need to be diverse in both type and tenure to meet the needs of renters, families and households with a range of incomes. Employment growth is anticipated in lockstep with population growth and important to consider in the context of updating land management tools for a healthy, thriving economy.

The OCP is the City's foundational tool for accommodating growth and housing need. The proposed Urban Structure Map (shown in Attachment B) is the key pathway for Victoria to realize the 2050 Vision and advance ambitious housing and climate action goals. It is broadly permissive and unlocks residential land supply throughout the city. It identifies a cohesive General Urban Fabric that contemplates low- to mid-rise housing (three to six storeys) in all residential areas of the city.

This approach, which may be thought of as a 'flat city' approach, recognizes that Victoria is and will continue to be the heart of a region that will reach 600,000 people in the coming decades. Good urban design, parks and open spaces, village centres and walkable, bikeable neighbourhoods all provide a foundation to support new growth and density while facilitating liveable public spaces, safety and well-being. To this end, all areas of the city are strategic for growth. The low- to mid-rise scale envisioned throughout the city is aligned with the form of development that is most viable to construct, enabling builders and developers to meet provincial and municipal housing goals. It is also the scale of development that is most well-aligned with GHG reduction targets.

The Urban Structure Map supports and reinforces Victoria's important economic role in the region, reserving important urban industrial lands and identifying a new Midtown Employment District, aligned with existing objectives for the Industry Arts and Innovation District and transit objectives along the Douglas Rapid Transit Corridor. Victoria's network of Community Villages is preserved and enhanced, while community-serving and small-scale commercial uses (e.g., corner stores) are enabled and encouraged in all neighbourhoods.

Integrated networks for community, mobility and environment (blue-green) are layered onto the proposed Urban Structure concept to further advance climate solutions and community well-being. A wide range of innovative concepts for a prosperous, climate-forward region are proposed, including for new linear parkways (reallocating and repurposing road rights-of-way for social and environmental objectives), an improved integration of land use and transit (supportive of investment and new approaches for improved transit provision) and improved alignment of land use, urban forest and rainwater management objectives.

Regulatory modernization is a crucial component for realizing the vision outlined in the proposed directions and aligning with new Provincial requirements. A summary of the approach for modernizing zoning and renewing the *Victoria Subdivision and Development Servicing Bylaw*, and aligning each with the proposed OCP directions, is outlined herein.

Given the broadly permissive approach to OCP land use, there are multiple ways to achieve alignment between the OCP and zoning. Two options, focused on accelerated realization of rental housing, were considered. The focus on rental recognizes that this is a priority housing need for Victoria, as identified in the City's latest *Housing Needs Report (2020)* and more recent analysis. It also recognizes that major regulatory changes have already been made to accelerate other forms, including for family housing and non-market housing.

Secured rental is generally viable in Victoria in mid-rise apartment forms (around six storeys). Through zoning modernization, the City can explore ways to enable this form to be realized with only a development permit if rental is secured (i.e., no rezoning would be required). This would align zoning, the OCP and housing need. Two options were considered for accelerating secured rental applications in this way:

- A focused approach, in strategic areas of the city with access to services and amenities (also generally aligned with mobility options).
- A broadly permissive approach, in any residential area of the city.

While there are benefits and drawbacks to both approaches, staff recognize that either is aligned with the broad objectives of the proposed OCP, and both work toward meeting housing need over time. Reflecting the major shifts either of these approaches would mean for the community, staff recommend consulting the public on both approaches through engagement. Alternative motions are provided should Council prefer to advance just one approach to engagement.

Should Council pass the recommended motions, including endorsing in principle the Key Directions for the OCP 10-year Update, staff would proceed with public engagement, beginning in February and concluding in the fall, as set forth in the May 11, 2023 Council motion originally directing this work. Staff would then return with a summary of public input and the resulting final recommendations for Council's consideration with the intent to finalize the process in mid-2025.

PURPOSE

The purpose of this report is to present Council with an opportunity to consider the draft directions for the Official Community Plan (OCP) 10-year Update based on early technical analysis and the emerging Provincial legislative context, and to seek endorsement in principle of these directions to proceed with public engagement.

BACKGROUND

On May 11, 2023, Council approved an accelerated process to update the OCP, which emphasized a meaningful response to the housing crisis and climate emergency and included concurrent modernization and alignment of key regulatory tools, notably for zoning and subdivision and development servicing. The expedited timeline approved by Council included a single phase of public engagement that would launch in February 2024 and aim to have final plan approval by mid-2025.

Between May and December of 2023, an interdepartmental team at the City of Victoria has been leading and preparing background and technical work. This work, together with existing City policy and strategic guidance, has shaped proposed updates to the OCP and an approach to regulatory alignment.

This work resulted in two documents that reflect proposed directions to date:

1. Key Directions for the OCP 10-year Update (Attachment A), which describes the impact and implications of the significant policy and regulatory shifts being proposed; and,
2. Emerging Policy Framework for the OCP 10-year Update (Attachment B) which outlines the new direction and framework for the updated OCP, including the new Urban Structure Map and Guidance.

A summary of relevant context, technical analysis and the proposed approaches to OCP land use and policy, zoning modernization and alignment, and subdivision and development servicing renewal are provided herein.

EVOLVING PROVINCIAL LEGISLATIVE CONTEXT

Since Council's approval of this process, the Province of British Columbia has enacted several major legislative changes for all municipalities to respond more rapidly and comprehensively to housing needs. These changes include the *Housing Supply Act*, Bill 44 (related to residential development), Bill 46 (related to development financing) and Bill 47 (related to transit-oriented development). Each of these enactments, and the associated regulations and guidance that have been released to date, have significant impact on local government land management. A complete summary of the relevant changes and their impact on this process is outlined in Attachment C.

In short, the approach for Victoria's OCP 10-year Update and zoning modernization, approved by Council prior to the Provincial announcement of these changes, is well aligned with the intent of the *Housing Supply Act*, related housing bills and their associated regulations and guidance. There is also strong alignment with previous and parallel City processes, including the Missing Middle Housing Initiative and Parking Modernization. The changes, however, are sweeping and novel. The details are still being fully assessed and there will likely be implications as this and related work moves forward. As such, the City will have to remain nimble, responsive and engaged with the Province to ensure ongoing alignment.

POPULATION GROWTH AND HOUSING NEEDS

Bill 44 includes amendments to the *Local Government Act* that require municipalities to update their Housing Needs Report (HNR) every five years and to align both the OCP and zoning with identified needs. Victoria's last HNR was completed in 2020 based in part on the 2016 Census. Fortunately, since this process had already been directed prior to the enactment of Bill 44, Victoria has been able to commission key data and information to inform the quantity and nature of housing capacity that will be required in the coming decades. Housing capacity needs include updated latent demand indicators based on the 2021 Census and are aligned with the Provincial housing targets for Victoria.

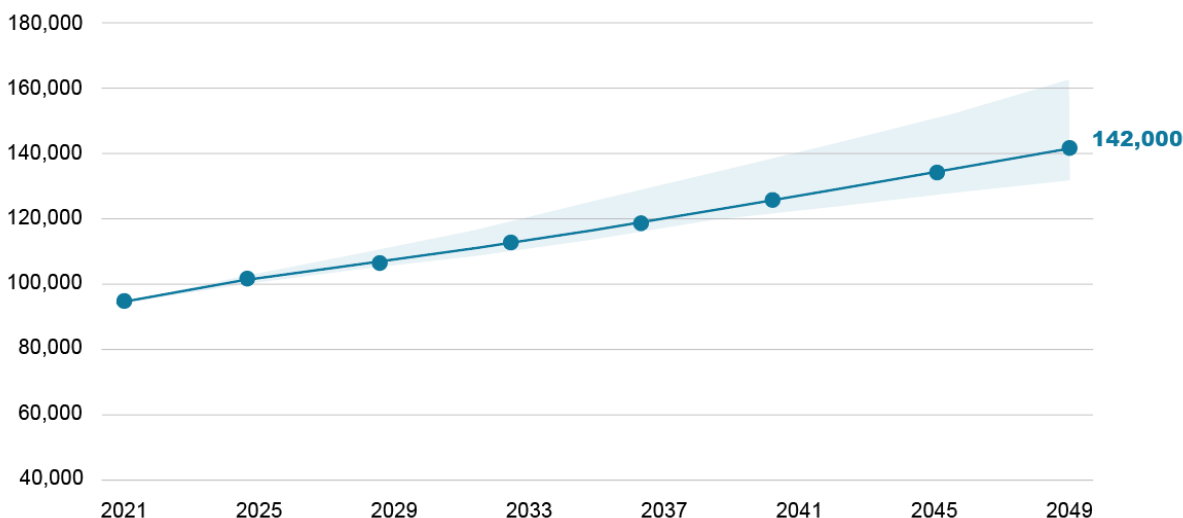
Population Growth

By 2050, Victoria is anticipated to reach a population of 142,000, roughly 47,000 more people than in 2021. This increase represents a growth rate of 1.4%, which is higher than previously anticipated (previous projections accounted for less than 1% growth). This updated projection is also slightly higher than the latest BC Stats projections, released in October 2023, as it seeks to account for a high immigration scenario as projected by Statistics Canada.

The range depicted on the graph below illustrates that various factors can influence population growth – it is useful to consider a range in long term planning. The lower end of the range illustrates BC Stats latest rate of 1.3% and a lower immigration scenario. The higher end of the range (a 1.9% growth rate) accounts for a high immigration scenario as well as higher headship rates that could be realized if more middle-aged cohorts, that have historically left Victoria, choose to stay.

The mid-range scenario of 1.4% was selected for the OCP Goal Posts as it generally aligns with BC Stats latest projections but seeks to conservatively account for some of the proposed policy directions that could result in slightly higher growth.

Figure 1: Victoria Population Projections



Household Growth

The projected population growth would result in the formation of approximately 26,600 additional households between 2021 and 2049 – this includes people living here today who will come of age and form new households, as well as those who move to the city from elsewhere. The OCP must provide adequate capacity to keep up with this anticipated household growth.

Latent Demand

In addition to keeping up with new growth, the proposed OCP seeks to make room for housing needs that are going unmet today. Latent demand has been factored into the City's planning processes in a systematic way since 2019. Latent demand is becoming more standard in planning processes, and indicators similar to those used by the City were used to prepare the housing targets prescribed through the Provincial *Housing Supply Act* in September 2023 (see below).

For this process, the City commissioned updated estimates of latent demand based on several indicators. Previous estimates were based on 2016 figures while the updated estimates used to inform this process are based on 2021 figures. In the five-year period since last estimated, latent demand has increased from a range of 4,500-7,000 housing units to a range of 6,700-11,000 housing units. A significant portion of this increase is related to an improved version of the indicator for headship rate corrections (i.e., new households that are not being formed). The improved version is in line with the City’s policy direction to retain households in their family forming years.

Recognizing that the Provincial Government is taking several steps that could help to overcome significant latent demand across the region, including restrictions on short-term rentals that could unlock rental housing supply and directives that will generally allow more homes to be built, the proposed OCP Goal Posts integrate a mid-range estimate of latent demand at 8,000 units.

Housing Supply Act Targets

In September 2023, via the *Housing Supply Act*, the Province ordered five-year housing targets for Victoria, as shown in the table below. These informed the OCP draft directions as well as the approach to zoning modernization:

Provincially Ordered Five-year Housing Targets for Victoria

By Unit Size			By Tenure		By Rate			
Studio / One-bedroom	Two-bedroom	Three-bedroom	Rental	Total	Below Market	Market	Supportive	Total
3,365	801	736	3,483	4,902	1,789	1,685	102	4,902

PROPOSED OCP GOAL POSTS

Based on population and household growth in the coming decades, updated indicators of latent demand and the Provincially ordered housing targets, the following Goal Posts are proposed for the OCP:

Growth Goal Posts*

	2030	2040	2050	2021-2050 (Net New)
Anticipated Population	110,600	126,300	142,000	47,100

	2030	2040	2050	Total Net New
Net New Homes by Decade	13,600	11,300	9,700	34,600
Share of Rental Units <i>(targeting 65% secure rental units)</i>	8,900	7,300	6,300	22,500
Targeted share family units <i>(targeting 17% 3+ bedroom units)</i>	2,300	1,900	1,700	5,900

*Monitoring will align with Census years.

It is important to note that the figures above are termed, “Goal Posts”. The net new homes by decade reflect stretch goals that are aligned with housing needs identified in Victoria’s *Housing Needs Report*. The ability to realize these goals in the timelines noted above is heavily dependent on factors that are largely out of municipal control, including market influences, interest rates and senior government funding for non-market affordable housing.

For example, the identified net new homes by decade is weighted more heavily to the earlier decades to better reflect the need to address latent demand in the near term – these are needs that are going unmet today. There are limitations in our ability to catch up so quickly, but the purpose of that weighting is to acknowledge the relative urgency in meeting this need. The provincially ordered targets are accounted for in the proposed OCP Goal Posts, but this nuance is the reason these figures are referred to as Goal Posts, not targets.

LAND USE AND DEVELOPMENT CONTEXT

Beyond the improved understanding of population projections and housing need, the City commissioned or undertook a series of technical studies to inform the best pathway to meeting current and future need while realizing social, economic and environmental objectives for Victoria.

Employment Growth and Employment Land Needs

Employment growth and future levels are inherently difficult to project. They are highly subject to the impacts of economic and political events, as well as technological advancements in the workforce that are impossible to accurately predict. Still, employment is a crucial part of any healthy city, and some understanding of employment by sector and associated need is required for long-term planning.

A baseline study commissioned for the OCP Update provided employment projections based on population scenarios. The results showed that Victoria could potentially see employment growth ranging from approximately 19,800 to 40,700 between 2022 to 2050. The higher end of this range aligns with the high national immigration assumption in the proposed OCP Goal Posts and reflects that most immigrants are expected to be of working age population and would become part of the employed labour force. Service sectors (including professional, scientific and technical services, health care and social assistance, accommodation and food services) are expected to be the major sectors that drive employment growth in the city.

The landscape of labour and workforce trends, including work-from-home standards, are still shifting. Victoria’s office vacancy rate (roughly 7%, and by some estimates much lower) has shifted little since the pandemic relative to other mid-sized cities (many are at more than 20%). Statistics Canada has also recently released survey results that show Canadian work from home propensity is decreasing¹. Staff have commissioned an additional study to nuance these high-level trends and projections for Victoria, particularly for the near term to inform land management approaches. This work will provide a more refined understanding of the land use and space needs of anticipated employment sectors in the coming decades.

¹ “Research to Insights: Working from home in Canada”, Statistics Canada, 2024-01-08. [The Daily — Working from home in Canada \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/98-642-x/2024001/article/00001-eng.htm)

Retail Assessment

As our population grows, our network of villages will also grow and evolve to better serve our daily needs in all parts of the city. The City commissioned a retail assessment to estimate the future demand for more retail space in new or expanded villages. The assessment considered potential demand in locations throughout the city and found that some large retail centres like Hillside Mall are already prepared to serve the needs of a growing population in the area, while other locations such as the downtown are expected to see greater demand for retail services than are available today. In some locations, like the eastern portion of James Bay or along Gorge Road, this increasing demand could support new grocery-anchored retail centres. Various small retail corners set amidst residential areas could evolve to support a greater number and diversity of retail businesses. Examples of such locations include Craigflower Village, Quadra and Tolmie, Bay Street near Shelbourne, Gosworth and Cedar Hill Road, and Hillside at Cedar Hill.

Land and Development Economics

To understand how current and future housing needs can be reasonably met, an understanding of Victoria's unique market development conditions is first required. The City commissioned case study pro forma financial analyses for developments on test sites across Victoria. The analyses calculated residual land value per square foot buildable (PSFB) that is supported by new strata and rental construction (with some mixed-use components) at varying scales, accounting for different land values.

To reflect the reality that economic conditions can change quickly, and that the development environment in the near future may look different than today, the case study financial analyses were prepared under two sets of market and policy conditions: current conditions and plausible future conditions where the City is approving housing more quickly and the financial conditions for building and construction have improved. Given the upcoming shifts to the *BC Building Code* and potential implications new standards related to seismic hazards will have on the costs of construction, the analyses also sought to differentiate between standard soil conditions and poor soil conditions.

Generally, strata wood frame construction in townhouse, houseplex and low- to mid-rise (4-6 storeys) apartment forms performed the best in both current and future market conditions. Concrete construction generally performed poorly – it was only marginally viable for strata in the best-case scenario (i.e., future market conditions, standard soils); it otherwise had a negative PSFB, including for all rental scenarios. Rental is typically most viable in 4-6 storey wood frame development. Under current conditions, strata development markedly out competes rental – mid-rise rental is especially challenged in the current economic context and is not financially viable in most situations. However, in plausible future conditions, mid-rise rental and mid-rise strata (4-6 storeys) perform similarly.

Land Use Capacity Assessment

The financial analyses supported an assessment of Victoria's land use capacity to better understand the City's ability to accommodate housing needs. The analysis was based on the City's OCP Urban Place Designations and accounted not only for the scale, form and use of development enabled through City policy, but also for plausibility of redevelopment under varying conditions. Factors such as land and improvement values, lot shape and size and other attributes that influence development viability were considered.

As found through previous capacity assessments, the City's existing land use framework is insufficient for meeting current and future housing need. In a business-as-usual scenario, Victoria falls short of meeting the 2050 Goal Post (failing to meet an estimated 20%-40% of housing needs).

Scenario Testing

Alternative land use scenarios were considered and analysed to understand opportunities to meet future need. Both current and plausible future market conditions were considered.

No clear path to the 2050 Goal Post was illustrated in the alternative land use scenarios considered. Victoria is a built-out, inner city with homes and businesses that range widely in age on a scattered mix of lot sizes and forms. Most new housing is realized through redevelopment, often on a single lot or small land assembly. This development pattern has resulted in a unique character, continuously evolving over time, giving Victoria a desirable sense of place. However, this pattern, combined with constrained market conditions, means there is no simple or certain way to achieve housing goals relative to cities with large amounts of greenfield or vacant land.

Scenarios that contemplated focused density (either around centres and villages, or linearly along transit corridors) failed to reach the total number of units needed to 2050. This is due in part to the construction forms that are viable in Victoria. Concrete construction forms, typically required for densities above six or seven storeys, are largely nonviable, particularly under current conditions. In future conditions, assemblies that facilitate concrete construction are difficult to realize, though not all together impossible. Scenarios that focused density to select areas also constrained viable development in other areas of the city to only ground-oriented forms. While ground-oriented forms are highly needed and desired, they will not help to reach rental or non-market housing goals.

Another scenario contemplated both ground-oriented and low- to mid-rise apartment forms throughout residential areas of the city (later in the report this is referred to as “flat city”). This scenario is broadly permissive and optimizes Victoria’s market by enabling the most financially viable forms of housing to be contemplated across the city. Of all the OCP land use scenarios analysed, this one performed best. However, it still did not achieve the total number of units needed out to 2050 - though it did come closer than other scenarios and enabled more rental.

The degree to which the broadly permissive scenario falls short in meeting housing needs is similar to the size of the city’s estimated latent demand. Meaning, Victoria can take bold steps to unlock its land supply through regulation to keep up with future growth, but additional support will be required to catch up with needs that have gone unmet. Much of this unmet need reflects a constrained rental market, overcrowded living spaces and is generally linked to a lack of affordable supply. This finding makes clear that bold steps by the City must be accompanied by substantial Provincial and Federal investment in diverse non-market housing in order to reach both near term targets and long-term Goal Posts. This finding further reflects the reality that though the City can lay the groundwork for housing to be built, the development of that housing is ultimately dependent upon other actors in the system.

In considering these scenarios and findings, it is important to recognize that the analysis is attempting to predict the future and therefore is inherently limited. The analysis sought to rigorously integrate what is known about development trends and local market absorption rates as well as the potential impact of City policy. However, factors outside of the City’s control could shift external trends. For instance, if industry capacity rises, more development could happen faster. In the same vein, market absorption rates do not limit the pace of non-market housing development – if governments invest more in non-market housing, more could come online faster. Still, the analysis leans on best practices guided by expert advice. It provides a valuable input to decision-making and is a vast improvement over earlier capacity assessments. Other leading municipalities are increasingly taking similar approaches to inform land use decisions.

PROPOSED OCP LAND USE: A NEW URBAN STRUCTURE MAP

In order to attempt to meet the provincially ordered housing targets and begin to work toward the longer-term growth Goal Posts, significant policy and regulatory changes are required. Foundationally, the OCP must provide adequate capacity for projected housing and employment needs and appropriately plan for the infrastructure required to support those needs.

A major shift proposed in the Emerging Policy Framework is a new OCP Urban Structure Map and Guidance. This map would replace the OCP's existing Urban Place Designation map and guidance. The proposed Urban Structure builds on Victoria's strong foundation as a regional urban core with a historic network of well-connected villages. With that foundation, it seeks to make room for an evolution of a new urban form in the coming decades – one that can catch-up and keep-up with housing needs.

Unlocking Residential Land Supply: A Low Carbon, Flat City

The Urban Structure Map identifies a cohesive General Urban Fabric that contemplates low- to mid-rise housing (generally up to storeys) in all residential areas of the city. This approach may be thought of as a flat city, where instead of strategically orienting density to certain parts of Victoria while preserving other areas for low height and density, the entire city welcomes a mix of ground-oriented, low- and mid-rise apartments, typically in wood frame forms. The flat city concept was the highest performing scenario tested in capacity modelling (bringing the City closest to its housing goals) and is supported by geographic context, social and environmental objectives and principles of good planning.

There are classic examples of flat cities around the globe that have developed over centuries into attractive and desirable urban forms, including cities like Paris, Berlin and Copenhagen. While a flat city concept for Victoria would be centred around a similar basic principle, the end result, and the incremental realization of it, would be unique. A flat Victoria would have to respond to a notably different history of human settlement (one previously centred around the automobile). It would have to embrace a new, climate-forward architectural vernacular – one that reflects a North American context, a west coast geography and the evolving identity of Victorians, past, present and future.

This flat city approach recognizes that Victoria is the urban core of a region that will reach more than 600,000 people in the coming decades, it is the Provincial capital and a growing destination for technology, tourism, arts and innovation, all within a compact area of 19 square kilometres. Much of the city is already walkable and bikeable and there is a foundation of distributed parks and open spaces. Improved transit provision, along with shared mobility and further investments in active transportation infrastructure can free up space for added density, public spaces and the urban forest. To this end, the entire city is a strategic place for growth. An emphasis on low- and mid-rise residential buildings is also aligned with the land economics of Victoria, where these forms are typically the most viable forms of redevelopment.

Finally, the flat city approach favours a path that will allow Victoria to meet its growth and housing needs through lower carbon building forms. Recent research explored how Canada, which has ambitious targets for both housing provision and greenhouse gas emission reduction, can realistically meet both objectives given the high carbon emissions associated with residential construction.² One of the most effective strategies identified for meeting both housing and climate

² Rankin, Keagan and Saxe, Shoshanna, A Future Infrastructure Growth Model for Building More Housing with Less Embodied Greenhouse Gas (November 1, 2023). Available at SSRN: <https://ssrn.com/abstract=4647023> or <http://dx.doi.org/10.2139/ssrn.4647023>

goals is to focus on housing forms that can be built with lower carbon materials (e.g., those that can be constructed with primarily wood materials over those that rely heavily on concrete). Wood frame construction is standard for the forms envisioned in the General Urban Fabric. The City's tandem effort to modernize parking standards and support demand management measures will likely further reduce building related emissions associated with concrete parking facilities.

Preserving and Enhancing the Village and Centre Network

The new Urban Structure concept continues to embrace the community villages that give Victoria and its neighbourhoods a sense of place and identity. With reduced pressure for these places alone to meet the city's housing needs, small-scale commercial, community-serving uses and public spaces are given greater focus.

While the flat city concept is the key path to providing adequate housing capacity, taller building forms are not completely precluded. The plan continues to reflect the Downtown and Songhees districts and recognizes that tall buildings may be appropriate outside of the core as well. Five Town Centres are identified on the Urban Structure Map, aligned with key transit corridors and exchange study areas. In these areas, taller building forms will be contemplated to advance mobility objectives and meet other community needs, but an emphasis on low carbon materials (such as mass timber) will be encouraged.

Reserving Employment Land and Encouraging Innovative Employment Uses

The Urban Structure Map identifies specific areas for an Industrial Land Reserve and new Employment Districts (Midtown, on the North Douglas Corridor and around Royal Jubilee Hospital).

The Industrial Land Reserve emphasizes production, distribution and repair (PDR) uses. Industrial space for PDR uses is in exceedingly high demand in both Victoria and the greater region. The Employment Districts emphasize redevelopment along key mobility corridors, supportive of Victoria's economy and employment needs.

These approaches signal that as Victoria grows and accommodates new residents, it must continue to fulfil its role as a lively and dynamic economic centre to both the region and the wider province. It recognizes that industries that were previously relegated to scarce industrial lands may now be more conducive to a mixed-use environment. Office and general employment spaces may be able to meet this need, while industrial lands should be reserved for more traditional urban industry.

Each of these directions seek to respond to the shifting and unpredictable employment landscape through classic principles of city building. They recognize that while work-from-home has become increasingly popular, it is not suitable for all sectors, and may not be wholly desirable. With smaller living spaces and growing need for social connection, cities have a responsibility to continue to plan for second and third spaces where residents can work, innovate, collaborate and hold a sense of purpose.

Principles of Good Urban Design

Inherent in the proposed policy approach, and the regulatory framework that will accompany it, is more rapid realization of housing and an evolution of Victoria's urban form. For this more permissive approach to land use to result in a healthy, liveable Victoria, the City will need to reinforce and strengthen its commitment to thoughtful urban design standards and civic investments.

In recent years, the City has developed a high-quality framework for urban design, including the recently approved General Urban Design Guidelines, the Missing Middle Design Guidelines and the updated Downtown Core Area Design Guidelines. This framework will be fine-tuned and streamlined through the OCP Update. However, what will ultimately make the new land use framework successful, is a rigorous and consistent application of its principles – ensuring that all new development meets the intent of the applicable development permit area guidelines, while still allowing for flexibility in the strategies by which its tenets can be achieved.

RELATED POLICY AND REGULATORY CONTEXT

As part of the technical background work, additional analyses were completed to understand the context of and opportunities for other key elements of city building that would be influenced by land use decisions.

Community Demographics, Infrastructure and Assets

Staff undertook a high-level analysis of the City's community-serving, arts and cultural policy framework and assets to inform future policy directions related to community and individual well-being. The background work recognized that community infrastructure, such as educational facilities, arts and cultural assets, and community services need to grow together with population and meet the needs of current and future generations. Important contextual information has and will continue to inform policy directions related to community and individual well-being across policy topic areas, including:

- The City's ongoing commitment to truth and reconciliation: Recognizing that colonialism has had a lasting legacy and continues to create barriers for both local First Nations and urban Indigenous communities.
- The shifting demographic context of the city: As has been recognized for years, the commissioned population projection study continues to show that Victoria's population is aging, with cohorts from 55 to 75 years old seeing ongoing growth. However, an increase in young adults is also expected, reflective of high immigration. Additionally, though trends continue to show residents in their family forming years leaving the city, there is an increasing desire to support youth and young families that want to stay.
- The range of abilities in the city's population: Recognizing that approximately 21 per cent of the population (about 19,000 people) have one or more disabilities. An estimated one in ten Victorians over the age of 15 have severe or very severe disabilities. Pain, flexibility and mobility-related disabilities, along with mental health are the most commonly reported types of disabilities.

A high-level inventory of existing major community-serving, arts and cultural assets revealed that new elements of community infrastructure need to respond not only to the wide range of cultures, abilities, ages, incomes and lifestyles, but also to respond in a manner that ensures equitable geographical access across the city.

Mobility and Transportation

An analysis of the transportation policy and regulatory framework indicated that Victoria is a leader in land use and mobility options and tracking towards established targets. However, several policy and bylaw updates are necessary to meet new growth in the OCP and *Go Victoria* objectives on mode share, GHG emission reductions, transportation-cost burden improvements and infrastructure delivery.

- Mobility hub planning: Several geographic areas were identified as places to better align land use with sustainable travel options, including the city’s waterways and airways.
- Prioritizing rights-of-way and updating street classifications: Development servicing standards have not kept pace with best practice in accessibility, sustainable mobility or green infrastructure.
- Parking and curbside management: Policy reforms are necessary to realize housing and greenspace objectives and ensure curb space is managed efficiently and equitably across the city, including valuing and pricing the curb in areas outside of the downtown.

Over the next year, the City will continue to advance technical analysis on these and other emerging mobility topics and integrate it into the OCP and related processes. Future updates to associated bylaws, such as the Streets & Traffic Bylaw, will also be required to reflect new approaches to zoning and land use.

Parks and Environment

An analysis of the policy and regulatory framework for Victoria’s parks and environmental systems was also undertaken. While the assessment revealed strengths in the City’s current approach and direction to certain elements of parks and environmental planning, there were notable gaps and opportunities to strengthen existing tools.

- Health and function of natural assets: Opportunity to better inventory ecosystems and their functionality to guide regulation and infrastructure investments.
- Shoreline and watersheds: Opportunity to better integrate watershed and coastal health into planning and, more generally, Victoria’s identity.
- Urban forest: While the *Tree Protection Bylaw* is a valuable and progressive tool, broader urban forest goals could be further nuanced and better integrated into citywide policy and regulation.
- Parks and open spaces: Opportunity to better define park access and needs with an equity lens and creatively consider how to provide the benefits of parks in the context of a built-out, urban environment.

LAYERED NETWORKS AND NEW POLICY DIRECTIONS

Based on the above findings and other assessments and inventories, including for community infrastructure, a new policy approach was drafted. The Emerging Policy Framework seeks to take a more integrated approach to land use planning, recognizing that the guidance for built form and new development impacts all elements of good city building, including objectives for mobility, community infrastructure and the environment (blue-green network).

Proposed Community Networks

It is increasingly important to recognize the relationship of community infrastructure within a city and the impact land management has on the realization of joyful, resilient communities. Public, institutional, cultural, and community serving places play an outsized role in community and individual well-being and Victoria’s ability to withstand shocks. The Community Networks identified in the Emerging Policy Directions seek to guide and provide opportunities to create, connect and improve these functions.

The proposed Community Networks include three key components:

- Centres and Villages that provide daily services and amenities and offer opportunities for planned and spontaneous social connection.
- Parks, Open Spaces and Linear Parkways that support the Blue-Green Networks (described below) and contribute to well-being.
- Community and Cultural Places that support Victoria's economy, vibrancy and enrich resident's lives.

Among the more notable directions in this component of the OCP Update is for the advancement of linear parkways. This direction recognizes that the acquisition of new park space is difficult in a built-out city, and that roughly 25 per cent of the city's land base is already public right-of-way. Linear parkways may include a general greening of our streets for a park-like experience (supported through the subdivision and development servicing regulatory renewal) or may include road closures and other broader reallocation of rights-of-way for social and environmental objectives. The latter, once established in OCP policy, would likely require a City program or dedicated investments in tactical placemaking and public space animation.

Proposed Mobility Networks and Hubs: Focusing on Transit

In the Emerging Policy Framework, Mobility Networks and Hubs outline an integrated land use and transportation framework. Mobility Hubs support housing and employment opportunities and provide a strategic conflux of public transit routes and attractive connections to options like cycling and shared mobility. They provide a focal point for diverse housing and enable residents to seamlessly transfer between travel modes to access key destinations, employment and services.

The Urban Structure map was designed with transit routes as a base, bringing land use to the table in a meaningful way. Enabling supportive land uses near frequent transit provides an important business case for service level improvements at BC Transit. To support growth sustainably and accelerate an increase in transit mode share, investments in both services and infrastructure, including transit priority measures and bus stop infrastructure, are essential to support services that meet the needs of the growing community and out-perform the automobile's convenience and speed.

The recent Provincial legislation responding to housing needs have opened a new dialogue on how frequent transit service is defined, outlining minimum criteria. Frequent transit provides convenient, reliable, easy-to-use services, that are frequent enough that riders don't have to refer to a schedule. Analysis included in the provincial supporting documents show several of the currently defined frequent transit network (FTN) routes in Greater Victoria do not meet the service levels outlined by the province. Discussions are ongoing between BC Transit and local and regional governments to ensure staff have an accurate assessment of current and future service levels and there are coordinated approaches to inter-municipal routes and transit priority infrastructure to serve new density and built form.

The success of Victoria's housing and land use objectives is fundamentally linked to future investments in mass transit infrastructure, services and programs and should be a local and regional advocacy priority to provincial and federal governments.

Proposed Blue-Green Networks

The Blue-Green Networks are comprised of public spaces such as parks, plazas, shorelines and linear parkways as well as natural features growing across public and private spaces such as the urban forest. The Networks are intended to support healthy, functioning ecosystems and diverse wildlife habitats and meet the needs of communities with spaces to play, learn, recreate, gather and celebrate. The proposed Blue-Green Networks include:

- Natural Assets that support biodiversity, climate action objectives and nature-based solutions to the city's urban infrastructure needs.
- Shoreline and Urban Waterways that support sustainable rainwater management and watershed health.
- Urban Forest that recognizes and advances the benefits of tree canopy in an urban environment.

Linear parkways, defined within the Community Networks section, would include designs that create public space, prioritize active and sustainable transportation and integrate the urban forest and other natural assets.

The Blue-Green Networks are intended to recognize that Victoria is a coastal city and its shoreline and waterways are not only part of the city's identity, but, as with the urban forest and other natural assets, necessary components of climate-forward urban infrastructure.

Updated Heritage Program: Embracing an Evolving Identity

As the City transitions to a new urban form, supported by layered networks that emphasize climate-forward urban infrastructure, Victoria's identity and sense of place will evolve. This evolution creates an opportunity to expand what is recognized and celebrated to reflect the full diversity of the community – past, present and future.

Important but select components of Victoria's history have been embraced and nurtured in the preservation of certain features of its built form, privileging colonial and architectural heritage. However, other elements of Victoria's Indigenous, multi-cultural and diverse history have been erased or hidden. An updated heritage program for Victoria, created in tandem with the OCP Update, will expand the narrative to educate and create awareness through placemaking, programming and public art as well as through building and open space design and recognition of Victoria's natural environment.

The updated heritage program would consider expanded or nuanced definitions of heritage, improved inventories of heritage assets (tangible and intangible), a rethinking of heritage conservation areas and engagement with diverse communities to better understand what matters most.

Other Policy Directions and Documents

It is important to note that the Emerging Policy Framework (Attachment B) is focused on major shifts and new policy directions. There are numerous directions in the current OCP and other more recent City policies that are important to retain and that will be ported into the new framework. The attached framework is focused on key areas of change.

It is also important to note that the attached framework is high-level as is the nature of an OCP. More specific, place-based policy direction that is on file or that may be developed through the upcoming engagement process, will also be retained (so long as it is aligned with the new broader policy directions). Such detailed policies or directions (e.g., for special planning areas or local public space improvements) will land in a new, streamlined mid-level policy document to be reviewed and approved by Council at the next check-in.

SUBDIVISION AND DEVELOPMENT SERVICING BYLAW RENEWAL

Victoria's *Subdivision and Development Servicing Bylaw* (SDS Bylaw) prescribes works and servicing requirements for development. It is applicable to subdivision of land and building permits. The SDS Bylaw was established in 2012 and has not kept pace with best-practice and recent standards, making it difficult and complicated to achieve objectives related to accessibility, urban forest, green infrastructure, utility renewal, sustainable mobility and public realm. Recognizing the important role this bylaw plays in municipal land management, its comprehensive renewal is included as part of the OCP 10-year Update.

Objectives for Renewal

Development plays a critical role in ensuring new growth is resilient and meets city objectives. The SDS Bylaw is the mechanism by which servicing standards are defined. The primary objective of the SDS Bylaw renewal is to align with the proposed OCP Emerging Policy Framework, particularly to ensure that climate adaptation and mitigation measures can be realized through the provision of new housing. As with Zoning Modernization, a key goal for the SDS Bylaw renewal is to improve clarity for the development community and the construction industry to effectively contribute to infrastructure that supports new growth, thereby streamlining application processes and reducing the future strain on City resources.

Commissioned Review of the Bylaw

The City commissioned a review of the SDS Bylaw as part of the process's technical background work. The review highlighted many strengths but noted opportunities for improved clarity in procedural items, updated design guidelines and works and services responsibilities. It also recommends that the City investigate opportunities to delegate consideration (to the Director of Engineering for example) as a mechanism to improve efficiency and support the delivery of housing and associated works and services.

Approach to SDS Bylaw Renewal

Over the remainder of the OCP Update process, staff will advance renewal of the SDS Bylaw by:

- Updating reference documents in the Bylaw to ensure the City is meeting current best practices across relevant areas of practice.
- Identifying opportunities to realize complementary functions in the right-of-way and align these opportunities with standards and reference documents in the Bylaw.
- Identifying and outlining where flexibility of the prescription of standards may be considered to enable creative solutions to realizing City objectives.
- Identify conditions where delegation is possible and appropriate for Council's consideration.
- Identify and improve the procedure of acceptance works and services and maintenance procedure undertaken by the developer, for clearer hand-over and acceptance of works.

Upon conclusion, staff intend to recommend repealing and replacing the existing Bylaw in its entirety (and potentially renaming it). This approach will ensure clarity and integration with City objectives. Following the replacement of the Bylaw, staff would seek to bring forward regular updates so that it remains current over time.

The SDS Bylaw has connections to many important City policies and objectives. The work undertaken to renew the Bylaw may uncover inconsistencies or opportunities to align, update or improve related policies, strategies and bylaws (such as the *Streets and Traffic Bylaw*, the *Highway Access Bylaw*, the *Sanitary Sewer and Stormwater Utilities Bylaw*, the *Waterworks Bylaw* and the *Urban Forest Master Plan*). Staff may bring forward minor amendments to other bylaws where they are required for alignment when the SDS Bylaw renewal is brought forward. At that time, staff may also seek direction for major amendments to other bylaws identified as a result of this work.

ZONING BYLAW MODERNIZATION APPROACH

An important component of the OCP 10-year Update is zoning modernization. Victoria has two zoning bylaws: *Zoning Bylaw 2018* regulates land use and density in Old Town and the Central Business District, whereas the *Zoning Regulation Bylaw* covers the remainder of the city. It has been over 40 years since the *Zoning Regulation Bylaw* was comprehensively reviewed. It currently contains approximately 800 Zones (a number that grows regularly with site-specific rezonings), 16 Schedules and complex General Regulations, Administrative Definitions and Use Definitions.

With this complexity, zoning is increasingly difficult to administer and navigate and is often an impediment to progressive, sustainable land management. Importantly, zoning does not reflect current or emerging OCP land use policy, resulting in a high volume of rezoning applications which, due to cost, time and uncertainty, result in barriers to realizing policy objectives, including the provision of housing. Notably, the new Provincial legislation also necessitates updates to the *Zoning Regulation Bylaw*.

The proposed approach to modernization emphasizes the following objectives:

- Create a single zoning bylaw for Victoria.
- Create new zones that reflect the OCP, including for the provision of diverse housing needs.
- Reduce the number of rezoning applications.
- Create a framework that reduces or eliminates the need for new site-specific zones.
- Utilize other tools, such as Development Permit Area (DPA) guidelines, to achieve site and building design objectives where possible.
- Simplify and consolidate Schedules, General Regulations and Definitions.
- Focus first on the elements of modernization that unlock residential land supply.

A Single, Simpler Zoning Bylaw

Modernization would entail rezoning areas of the city currently covered by the *Zoning Regulation Bylaw* and transitioning them to *Zoning Bylaw 2018* (eventually this bylaw would be renamed, more simply, the “Victoria Zoning Bylaw”).

Zoning Bylaw 2018 was adopted by Council five years ago and has a more modern framework, making it a good and practical foundation for modernized zoning. In its format, site-specific zones are typically not required; instead, a table for special conditions can be utilized for individual properties that don’t comply with a standard zone. This format is much more efficient for rezoning processes and minimizes inconsistencies and potential errors over time. In addition, the bylaw has fewer and simpler regulations and consolidated definitions, which means the document is easier to understand and reduces regulatory barriers to development proposals.

Transitioning the entire city to a single “Victoria Zoning Bylaw” will save staff time and resources on rezoning applications, future updates and daily management including interpretation, and will be more user-friendly for property owners, businesses and developers.

Zones That Reflect OCP Policy and Reduce Barriers

Many zones and regulations in the *Zoning Regulation Bylaw* do not reflect current OCP policy goals and objectives. As an example, commercial uses at intersections of major roads are already envisioned within the Traditional Residential Urban Place Designation, but none of the low-density zones permit commercial uses. To realize these established City objectives, applicants are often required to submit a Rezoning Application. The cost, timelines and uncertainty associated with a Rezoning Application can be a barrier to development and often constrain projects that are consistent with City policies.

The modernization would develop and apply zones that reflect emerging OCP policy, allowing property owners and developers to pursue the heights, densities and uses contemplated in City policy with greater ease. This alignment will reduce uncertainty and resource expenditure for applicants and the City alike.

Where feasible and appropriate, the new Victoria Zoning Bylaw would include regulations that better align with other key strategic policy objectives, such as those addressing climate action and active transportation goals. For example, in residential zones, a new open site space definition would be incorporated to align with urban forest and stormwater management objectives. Similarly, a minimum requirement for three-bedroom units would be incorporated to ensure multi-unit buildings, including secured rental buildings, provide options for families.

Simple Zones Strengthened by Intent-Focused Design Guidelines

Two primary tools are used to oversee the design of new buildings: zoning and Development Permit Area design guidelines. Zoning uses strict regulations that must be adhered to or receive Council approval (which is sometimes delegated to staff). Design guidelines are more flexible and allow for interpretations that can include creative solutions to meet the overall intent of the guidelines. The proposed approach to Victoria’s zoning modernization emphasizes a light touch to the strict regulations in zoning and relies more heavily on design guidelines to achieve the desired outcomes in the context of site conditions that can be highly variable.

The proposed zoning approach, where regulations are simple and focused on the most fundamental elements of built form, has numerous benefits: there are fewer variances required, fewer barriers to development and greater flexibility in the development process. To ensure good urban form in this context, it is important that design guidelines are clear, yet flexible and are implemented with rigour and consistency.

Focusing on Housing First

In the context of the guiding objectives of the OCP 10-year Update – focused on housing and climate solutions – zoning modernization will focus first on residential areas outside of the downtown core. Focusing first on one type of use (residential) is the most efficient use of staff time and the clearest path to advancing the provision of housing. New village and centre zones would be created in this initial phase as well, but (per Council direction) would not be pro-actively zoned for the maximum density.

Other uses in the city would be transitioned to the new zoning bylaw subsequently, including master planned areas, and properties used or envisioned for commercial, employment, industrial, institutional and open spaces. Policy objectives for these areas will be explored in the engagement process and inform the nuances of these zones. They are not generally envisioned to be zoned for a use or density different or beyond what is existing.

Use definitions in the bylaw would be consolidated for clarity, including for housing benefit. The *Zoning Regulation Bylaw* defines numerous types of residential uses related to the form and scale of use, such as attached dwelling, duplex, multiple dwelling, high density multiple dwelling, and more. In contrast, *Zoning Bylaw 2018* simply identifies “residential” as a use. In addition to being simpler and clearer, this would extend the reach and impact of Victoria’s Accelerated Affordable Housing program (previously known as the Rapid Deployment of Affordable Housing Initiative).

RESIDENTIAL ZONE APPLICATION: TWO APPROACHES CONSIDERED

The key residential zones being considered in zoning modernization are for Ground-Oriented Residential (small scale multi-unit / missing middle housing); Urban Residential (mid-rise multi-unit housing); and Housing Opportunity (mid-rise multi-unit rental housing).

The City’s Missing Middle Housing Initiative served as a model for other local governments and recent Provincial legislation. It would be refined and carried forward in Zoning Modernization to a new Ground-Oriented Residential zone and applied in all residential areas. Where multi-unit apartment forms exist or are already envisioned in the current OCP, the Urban Residential zone would generally be applied. As previously noted, the new land use framework would also extend the reach of Victoria’s Accelerated Affordable Housing program (previously known as Rapid Deployment of Affordable Housing Initiative) to all residential areas.

Simplified development processes that are being advanced through Provincial legislation, as well as the City’s own efforts toward process improvements, would ensure that any development aligned with the OCP could secure land use approvals more quickly, even in the context of a rezoning. Still, applied zoning (pre-zoning) offers an additional, strategic tool to accelerate priority housing forms. Since the proposed OCP would contemplate diverse low- to mid-rise forms in all areas, there is opportunity to expand the application of new, higher density zones to enable other housing forms to be more easily realized in some or all areas of the city.

Accelerating Rental Applications: Two Approaches

The City has already taken bold steps to provide an accelerated path for missing middle and non-market housing. Zoning modernization provides an additional opportunity to accelerate the next priority housing form, supported by the proposed OCP Urban Structure Map. As the economic analysis revealed, rental will be difficult to realize under current market conditions. In the near term, in most circumstances, strata forms will out compete rental, meaning that if the City is to achieve its near-term rental housing goals, new mechanisms will need to be considered.

The Housing Opportunity zone, which is focused on rental, offers a unique mechanism for realizing diverse housing objectives. The Housing Opportunity zone would permit mid-rise (up to 6 storey) multi-unit housing (typically the most viable form for purpose-built rental) if rental is secured. Additional density would be available for projects with some inclusion of affordability. Applying this zone in some or all areas of the city would accelerate rental development applications, enabling them to be built with only a development permit (that could be delegated), reducing cost, timelines and uncertainty for this priority form of housing.

Two approaches were considered as options for the application of the Housing Opportunity zone. Each has benefits and implications for managing change, as discussed below. The proposed approaches (colloquially termed “Bolder” and “Boldest”) recognize that the City has already taken recent bold steps toward supporting priority housing forms through regulation. Facilitating the next priority form of housing through zoning would be an additional step forward, enabling a new generation of secured rental housing.

1. Bolder: Focused Acceleration of Rental

A focused acceleration of rental would apply the Housing Opportunity zone in strategic locations, proximate to services and amenities and aligned with sustainable mobility options (see Attachment D). This would allow mid-rise rental to be realized in these areas without a rezoning. Only a development permit would be required, which could be delegated. Non-market and ground-oriented housing of any tenure would continue to be permitted anywhere. Mid-rise strata would still require a rezoning. While this approach would not exclude mid-rise rental or strata buildings from being considered in other residential areas (the proposed OCP would be supportive), a rezoning would still be required.

This focused approach offers a bold but incremental step in accommodating priority housing needs. It gives the City and the community a signal as to where and how much change is likely to occur in the near term, while still communicating that change is ultimately envisioned and enabled everywhere. This approach may provide more opportunity to better prepare and plan for change, including infrastructure investments. On the other hand, opting to accelerate rental in one area of the city inherently signals a preservation of the status quo elsewhere. The application of this approach would be technically and philosophically complicated to land (boundaries are inherently exclusionary and a principled approach to determining the criteria for them is likely to reinforce existing patterns).

2. Boldest: Broad Acceleration of Rental

A broad acceleration of rental would apply the Housing Opportunity zone in all residential areas, making mid-rise rental possible without a rezoning throughout the city (see Attachment E). Again, a development permit (which could be delegated) would still be required. Like the City’s approach to both missing middle and non-market housing, it would be generally agnostic to location. Like the focused approach, ground-oriented and non-market housing would continue to be permitted anywhere, but a rezoning would still be required for mid-rise strata.

This approach reflects the proposed OCP’s central growth management tenet which recognizes that all of Victoria is strategic. It indicates that rental housing is a near-term priority need and is desirable in any location that builders can make it work within the principles of good urban design. However, this approach would require a major and more immediate shift in the community’s understanding and perception of Victoria’s built form. All areas of the city would welcome opportunities for mid-rise rental buildings without additional public process.

Selecting an Approach: Broader Consultation Recommended

Together with the newly proposed Urban Structure Map in the OCP, each of these approaches to applying zoning would advance the city toward the proposed OCP Goal Posts and, over time, work to meet Victoria’s housing needs. As such, both would be aligned with emerging Provincial legislation and in keeping with the objectives of this process to create a land use management framework that responds to the acute need for housing.

Perceived or real, incremental change tends to be more lasting and rapid change can be divisive. In the planning profession, incremental change has historically been the preferred approach to managing growth and allowing cities to evolve. For decades though, incremental change has not been top-of-mind in the North American context, as is evident in exclusionary zoning practices and a lack of investment in diverse housing forms, driving the need to more rapidly catch-up.

Victoria has been rapidly working to catch-up in recent years through citywide acceleration of priority housing forms. Accelerating secured rental that is aligned with Victoria's context and vision is the logical next step. While the proposed changes to the OCP are a necessary shift to meet current and future housing need, staff recognize both zoning options are appropriate and have merit.

Staff further recognize that the proposed directions, particularly for zoning, represent a significant change for Victoria's land management approach. These new directions are also hot-on-the-heels of the Missing Middle Housing Initiative, which itself constituted a major change in the public's perception of Victoria's built form. As such, Council may wish to better understand the public's opinions and concerns about both zoning alternatives.

Given the importance of community understanding of these sweeping changes and in recognizing the value of incremental change, staff recommend seeking community feedback on both alternatives to inform Council's final decision.

OPTIONS & IMPACTS

Endorsing the Draft Directions in Principle

This report recommends that Council endorse in principle the Key Directions (Attachment A), the Emerging Policy Framework (Attachment B), the approaches to Zoning Modernization and Subdivision and Development Servicing Renewal as described above. It further recommends staff proceed with engagement as previously directed on these endorsed directions as well as on both residential rental zoning application options described above. Endorsing these directions in principle would allow staff to confidently proceed with public engagement, beginning in February and concluding in fall 2024, as set forth in the May 11, 2023 Council motion originally directing this work. Staff would then return with a summary of public input and the resulting final recommendations for Council's consideration with the intent to finalize the process in mid-2025.

Should Council provide significantly different direction at this time, the planned launch for engagement would likely be delayed and there would be impacts to the overall project timelines.

Alternate Motions

In recognition that both approaches to applying residential zoning to accelerate rental applications have merit and that Council may wish to support more directly one of the options, two alternate motions are provided for Council's consideration. Either of the alternate motions could be advanced as part of the planned public engagement. However, rather than providing the public with tangible alternatives and an opportunity to be involved in the final decision, the engagement would focus on consulting the public on Council's endorsed approach.

Alternate Motion for Proceeding with a Focused Application of Rental Zoning

Given the potential planning and change management benefits of a more focused approach to zoning for rental, the below alternate motion is provided below for Council's consideration.

That Council:

1. Endorse in principle the Key Directions for the OCP 10-year Update (Attachment A).
2. Endorse in principle the Emerging Policy Framework for the OCP 10-year Update (Attachment B).
3. Endorse in principle the *Zoning Bylaw* Modernization Approach as described in this report.
4. Endorse in principle Zoning Application Approach 1: Focused Acceleration of Rental as described in this report.
5. Endorse in principle the *Subdivision and Development Servicing Bylaw* Renewal Approach as described in this report.
6. Instruct the Director of Sustainable Planning and Community Development to advance public consultation, as previously approved by Council, on the directions endorsed in principle above.
7. Advance today's motions to the daytime Council of February 8, 2024.

Alternate Motion for Proceeding with a Broad Application of Rental Zoning

Though the broad, citywide application may be perceived as more sweeping, it is still tempered in its emphasis on tenure. It is also inherently more equitable. As such, the below alternate motion is provided below for Council's consideration.

That Council:

1. Endorse in principle the Key Directions for the OCP 10-year Update (Attachment A).
2. Endorse in principle the Emerging Policy Framework for the OCP 10-year Update (Attachment B).
3. Endorse in principle the *Zoning Regulation Bylaw* Modernization Approach as described in this report.
4. Endorse in principle Zoning Application Approach 2: Broad Acceleration of Rental as described in this report.
5. Endorse in principle the *Victoria Subdivision and Development Servicing Bylaw* Renewal Approach as described in this report.
6. Instruct the Director of Sustainable Planning and Community Development to advance public consultation, as previously approved by Council, on the directions endorsed in principle above.
7. Advance today's motions to the daytime Council of February 8, 2024.

Accessibility Impact Statement

Policy and regulatory updates, and engagement materials have been and will continue to be prepared in consultation with the staff team in the City's Office of Equity, Diversity and Inclusion and through the lens of related guiding policy. Through several of the technical studies and baseline analysis, foundational accessibility was a continued theme. An outcome of the new OCP will be an increased emphasis on achieving accessibility through all aspects of the City's focus areas and services. The SDS Bylaw renewal will also seek to incorporate and reflect feedback on best practices including *Rick Hansen Foundation* guidelines for accessibility.

2023 – 2026 Strategic Plan

The OCP 10-year Update is strongly aligned with several directions in Council's *2023-2026 Strategic Plan*. A table of alignment is provided in Attachment F.

Impacts to Financial Plan

The OCP 10-year Update was identified as part of Victoria's *Housing Accelerator Fund* application. The remainder of the project is intended to be funded through these funds.

In regard to the SDS Bylaw renewal, staff capacity is the largest potential impact at this time. As staff continue to look at the impact and relationship to other City bylaws, policies and practices, resources may need to be reallocated to ensure modernization is comprehensive and that conflicts do not arise.

Official Community Plan Consistency Statement

The proposed approach to update the OCP is consistent with the plan's Adaptive Management framework (Section 22), specifically policy 22.13 which supports a comprehensive review at Council's discretion. The proposed actions to advance implementation of the OCP through this process, including concurrent updates to bylaws and policies, is consistent with the Plan Administration approach (Section 19), including specifically policy 19.4.4 which supports a citywide review and update of zoning bylaws as resources and Council priorities permit.

CONCLUSIONS

Since Council approved an approach to comprehensively update the OCP in May 2023, staff have been undertaking technical background work, developing draft directions and preparing for engagement and consultation. This report provides Council with an opportunity to consider the draft directions (outlined in detail in Attachments A and B) and the associated approach to regulatory modernization (described in this report) prior to launching public engagement on the same.

The draft directions propose broad changes to the OCP to unlock residential land supply in support of ambitious housing and climate action goals, while continuing to support important elements of good, comprehensive city building. Major modernization and renewal of supporting regulatory tools are proposed for alignment. Notably, the tandem effort to align zoning with the proposed OCP focuses on a new, simplified zoning bylaw that would seek to accelerate rental housing supply. Staff recommend consulting the public on two approaches to accelerating rental applications through zoning: an approach that would apply in all areas of the city and an alternative approach that would focus on priority areas.

Should Council pass the recommended motions in this report, staff would proceed with public engagement, beginning in February and concluding in fall 2024. Staff would then return with a summary of public input and the resulting final recommendations for Council's consideration with the intent to finalize the process in mid-2025.

Respectfully submitted,

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Community Planning

Karen Hoese, Director
Sustainable Planning and
Community Development Department

Report accepted and recommended by the City Manager

List of Attachments

- Attachment A: Victoria 2050 Key Directions
- Attachment B: Emerging Policy Framework
- Attachment C: Evolving Legislative Framework and Implications
- Attachment D: Focused Acceleration of Rental Map
- Attachment E: Broad Acceleration of Rental Map
- Attachment F: Strategic Plan Alignment