



Committee of the Whole Report For the Meeting of May 9, 2024

To: Committee of the Whole **Date:** April 26, 2024
From: Karen Hoese, Director, Sustainable Planning and Community Development
Subject: **Progress Report on Provincial Housing Targets**

RECOMMENDATION

That Council pass the following motion and bring it forward for ratification at the May 9, 2024 daytime Council meeting:

1. That Council:
 - a. Receive the Provincial Housing Targets Progress Report for reporting period 1.1 (October 1, 2023 – March 31, 2024) for information.
 - b. Request that the Mayor submit a copy of this report to the Provincial Minister of Housing.

EXECUTIVE SUMMARY

This is the first Progress Report on Victoria's Provincial Housing Targets, for the period of October 1, 2023 to March 31, 2024. The report summarizes the number of homes completed across the city during this period based on occupancy permits issued and provides an overview of in-progress applications and actions taken by the City towards meeting the Provincial housing targets, as set out in the housing target order issued in September 2023.

Records indicate that Victoria has already exceeded the 659-unit housing target for year one, with 753 net new units completed over the initial six-month period. This includes 761 new units added and eight units lost due to demolition or conversion, meaning the City is 15 per cent of the way to meeting the five-year Provincial Housing target for the City.

Victoria has also made important progress toward achieving the Province's guidelines based on estimated housing need by unit size, tenure, rental affordability and rental units with on-site supports. Key policy projects emphasized in this report which highlight the City's ongoing efforts in these areas include: the 10-year Update of the Official Community Plan and Zoning Bylaw Modernization Project, the Rental Incentives Project, the Family Housing Policy, the Land Delivery Strategy, the Development Process Modernization Initiative, as well as updates to the Missing Middle Housing Regulations.

Additionally, with 1,628 new homes approved through rezoning and/or development permit by Council or delegated staff approvals, and building permits issued for 316 homes in this reporting period, Victoria is well-positioned to meet or exceed the Province's five-year targets.

PURPOSE

To present Council with the first Progress Report on Victoria's Provincial Housing Targets, for the period of October 1, 2023 to March 31, 2024, in accordance with the housing target ministerial order issued by the Province in September 2023.

BACKGROUND

On September 26, 2023, the Government of British Columbia issued Ministerial Orders to ten local governments, including the City of Victoria, which set out five-year housing targets to be met by September 30, 2028, alongside annual progress targets and reporting requirements (see Attachment B).

Housing targets outlined in these orders reflect 75 per cent of the total estimated housing need for each municipality according to provincial analysis which took into consideration the existing unmet housing need as well as anticipated population growth over the next five years. Annual targets are initially lower with larger increases in years four and five. The Province also provided guidelines to accompany these targets that reflect the goal of providing housing that meets various community needs. For example, the guidelines provide targets based on size, tenure, market rate, and presence of on-site supports (see Attachment C). However, municipalities are primarily assessed on the total number of net new homes completed.

Progress reporting requirements outlined in the Ministerial Order begin initially at six months, followed by annually after the first year, and require the City to receive the progress report by council resolution within 45 days of the end of each reporting period, as well as ensure each report is posted to the municipal website and submitted to the Minister of Housing as soon as possible. Reporting requirements include completion of a housing target progress report form, which is appended to this report as Attachment A.

In preparing for this progress report, the provincial approach to tracking housing target performance has presented some challenges, particularly from a resourcing and data collection perspective. Through the Victoria Housing Strategy, the City has established its own ambitious housing targets and reports progress annually based on building permits issued; building permit issuances have been favoured by the City as the best indicator to track housing progress as it offers a good balance between timeliness as well as certainty. The Province, however, instead of using building permits, focuses on completed projects. Further, prior to receiving these housing targets by Ministerial Order, the City did not track the number of bedrooms, tenure, or level of affordability in completed homes.

Nevertheless, over the past six months permit application and tracking processes have been adapted to align with the housing target reporting expectations that were shared by the Province through the Ministerial Order and Housing Target Guidelines. The collection of some supplemental information at the level of detail requested in the Interim Housing Target Report Form (published March 27, 2024) was not possible due to the reporting deadline imposed by the Province.

ISSUES & ANALYSIS

Progress Toward Achieving the Annual Cumulative Housing Target

Records indicate that a total of 753 net new dwelling units were completed in Victoria between October 1, 2023 and March 31, 2024 consisting of 761 newly completed units and eight units demolished. This represents 15 per cent of the 2028 cumulative target and exceeds the prescribed year one target of 659 units by 14 per cent with six months remaining.

With respect to the housing target guidelines, units constructed since October 1, 2023 are also demonstrating strong alignment with the recommended unit breakdown, as outlined in the table and chart below. However, weaker performance is noted among below-market rentals as well as three or more-bedroom units completed.

	Total Units Completed	Units by size			Units by tenure		Rental units by market rate		
		Studio/ 1-bed	2-bed	3-bed +	Rental	Owned	Below-Market	Market	Supportive Rental Units (with on-site supports)
Completed	761	501	223	37	385	376	8	377	0
Demolished	8	5	2	1	3	5	0	3	0
Net Completions	753	496	221	36	382	371	8	374	0
Net as % of 2028 Target	15%	15%	28%	5%	11%	26%	0%	22%	0%

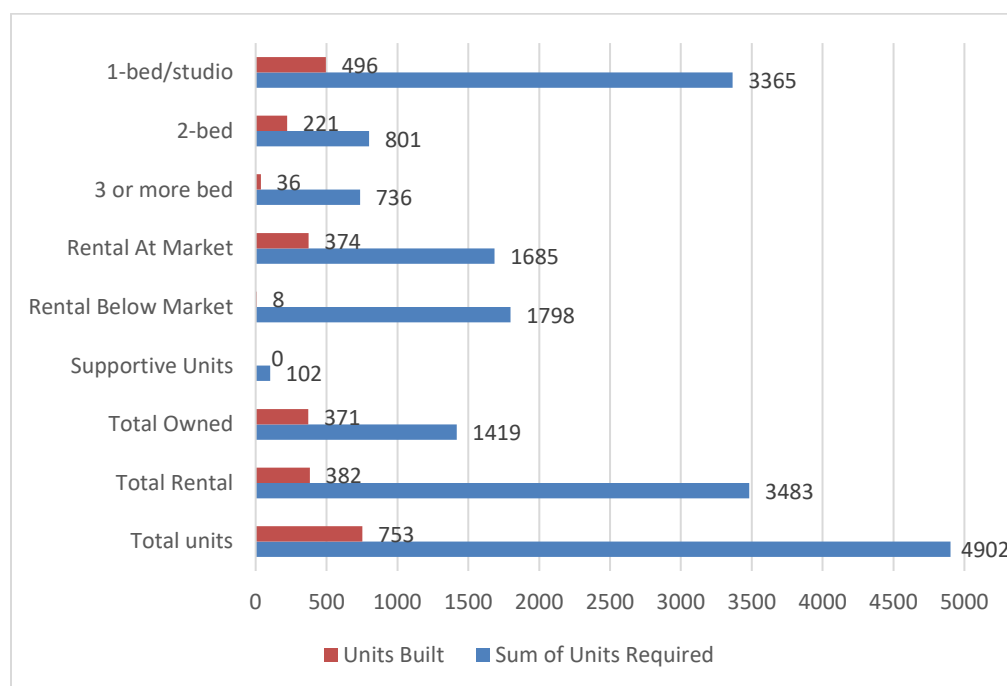


Figure 1: Units constructed between October 2023 and March 31, 2024 versus 2028 provincial targets

Municipal Actions Taken Toward Meeting the Housing Target Order

The following table summarizes actions taken to update land use planning policies, regulations, procedures, and other on-going work that will help the City achieve the provincial housing targets.

Housing Target Supportive Action	Description	Status
Missing Middle Housing Initiative	Following a six-month review of the Missing Middle regulatory framework, on December 7, 2023 , Council approved changes to the Missing Middle Regulations to make it easier to establish this type of housing. These changes will help to achieve the City's overall housing completion targets. They will also support guidelines related to family housing options by retaining the requirement for at least two, or 30% of total dwellings, to contain a minimum of three bedrooms while removing other requirements to encourage more of this type of housing is constructed.	Completed
Updates to Victoria Housing Reserve Fund Guidelines	On October 26, 2023 , Council directed staff to update the Victoria Housing Reserve Fund Guidelines to provide additional support to non-market rental housing projects. Updates include: <ul style="list-style-type: none"> • introduction of a new grant amount for larger family-friendly units (4+ bedrooms), • establishing a below-market funding stream, • adjusting the grant payment schedule to provide a greater portion of funds (80%) prior to construction, and • removing the \$500,000 cap for the maximum grant to equalize support for larger projects. <p>These updates will support the delivery of more below-market rentals homes, including those with four or more bedrooms.</p>	Completed
MOU re: HEART and HEARTH with BC Housing	In February 2024, a Memorandum of Understanding between the Province and the City of Victoria was formalized. The agreement affirms a shared commitment to work together to address homelessness in Victoria through the Homeless Encampment Action Response Teams (HEART) and the Homeless Encampment Action Response Temporary Housing (HEARTH) programs. <p>This agreement aligns with provincial housing target guidelines related to below-market and supportive rental housing for Victoria. It includes a commitment by the Province, through BC Housing, to provide oversight and support in the development of permanent housing options for people experiencing homelessness or living in temporary supportive housing, and commits the City to identify appropriate and feasible land/space and expedite land use decisions necessary for the rapid provision of such housing, among other duties.</p>	Completed
OCP Update and ZBL Modernization	Through updates to the <i>Official Community Plan</i> , the City is advancing a new approach to increase Victoria's capacity to accommodate the housing supply needed for next 25 years. The approach emphasizes a meaningful response to the housing crisis through city-wide policy updates alongside modernization and alignment of the City's zoning regulation bylaw and other implementation tools. On February 8th , Council endorsed the draft directions and emerging policy framework, as well as the proposed	Underway

Housing Target Supportive Action	Description	Status
	zoning bylaw modernization approach. Provincial housing targets informed the 2050 Growth Goal Posts that were used to inform housing capacity needs. Broad public engagement for these updates is underway and will run until fall of 2024, with a public hearing for the final product anticipated in 2025.	
Rental Incentives	Council directed staff to prepare regulations to implement a new Rental Incentives Program on October 26, 2023 . The program will incentivize the development of market and non-market purpose-built rental housing and support the inclusion of units affordable to households with median incomes in market rental projects. Eligible rental projects would be exempt from the increase in property taxes arising from redevelopment for a period of 10 years where 10% of units secured as rental homes are affordable to median income households. The Revitalization Tax Exemption (RTE) Bylaw will be presented to Council in Q2 of 2024.	Underway
Family Housing Policy	A study examining the feasibility of securing more two and three-bedroom units in new multifamily housing through land use policy has been completed and the results will be presented to Council in Q2 2024.	Underway
Development Process Review	<p>Starting in 2023, the City has been engaged in a project to review city development processes and to identify the highest-priority opportunities for short and longer-term improvement. Several key projects have been undertaken as part of this initiative, which focus primarily on:</p> <ul style="list-style-type: none"> • adding new support systems for applicants • simplifying approvals and internal procedures • introducing new software for application intake, review and processing as well as to facilitate better data collection and analysis • developing staff capacity and knowledge sharing related to development processes • fostering an internal culture of continuous improvement through training and mentorship opportunities. <p>The initial projects identified as part of this initiative are anticipated to be completed in November 2024, though additional efforts are expected to be ongoing. Key outcomes associated with this project are anticipated to include improved process efficiency and faster development approval timelines to help reduce development costs and expedite the delivery of new homes of all types.</p>	Underway
City-owned Sites for Affordable Housing Partnerships	In partnership with BC Housing and the Capital Region Housing Corporation, a 205-unit affordable housing development proposed for City-owned land at 926-930 Pandora Avenue was approved for rezoning and a development permit in Q4 2023. This project was exempted from rezoning and council approvals and instead approved by staff through a delegated development permit review. This was the first submission and approval under the City's Fast Track for Affordable Housing Process – designed to reduce risk and improve timelines for non-market proposals.	Ongoing
Leveraging City Lands for Housing	On March 7th, through its public purchasing portal , the City issued a Request for Proposals from qualified consultants to complete a feasibility and conceptual design study exploring opportunities to	Underway

Housing Target Supportive Action	Description	Status
	utilize City-owned sites to achieve various strategic goals and public benefits, including affordable housing. This project is part of the City’s Housing Accelerator Fund Action Plan and aligns with provincial housing targets for overall housing supply, rental housing, and below-market rental housing.	

Rezoning, Development, and Building Permit Approvals

In addition to the 753 net new units completed, the City has approved roughly 1,942 new units across 43 applications through either combined rezoning and development permit or building permit approvals since October 1, 2023. It should be noted that new units approved through rezoning and development permits are estimates only, as project unit counts and composition can fluctuate as building designs are refined leading up to final building permit approval.

Between October 1, 2023 and March 31, 2024 there were also seven applications, representing approximately 40 proposed units which were considered withdrawn and closed after a period of six to 12 months of inactivity by the applicant. There were no projects that were not approved by staff or Council during this reporting period.

OPTIONS & IMPACTS

Accessibility Impact Statement

There are no accessibility impacts associated with the adoption of this resolution.

2023 – 2026 Strategic Plan

This work aligns with the Council priorities related to Housing.

Impacts to Financial Plan

This report does not have any impacts to the Financial Plan.

Official Community Plan Consistency Statement

This report is consistent with the OCP, particularly Section 13: Housing and Homelessness.

CONCLUSIONS

Overall, Victoria has demonstrated solid performance toward the provincial housing targets over the first six months. Records indicate that more three or more-bedroom units, below-market rentals and supportive rental units are needed; however, work is underway to encourage the development of more three-bedroom units through a new Family Housing Policy. The City is also committed to enabling the delivery of more below-market and supportive rental units, as demonstrated through updates to the Victoria Housing Reserve Fund Guidelines and efforts to leverage City-owned sites for affordable housing partnerships.

As the City of Victoria does not build housing, ongoing investments in capital and operating funding for non-market housing from senior levels of government will be essential to ensure that these efforts translate into completed homes in the next four years.

Respectfully submitted,

Julie Edney
Housing Planner,
Community Planning

Ross Soward
Manager of Housing,
Community Planning

Karen Hoese, Director
Sustainable Planning and
Community Development
Department

Report accepted and recommended by the City Manager

List of Attachments

- Attachment A: Interim Progress Report Form (Reporting Period 1.1)
- Attachment B: Ministerial Order
- Attachment C: Housing Target Guidelines