



Committee of the Whole Report For the Meeting of June 13, 2024

To: Committee of the Whole **Date:** May 30, 2024
From: Karen Hoese, Director, Sustainable Planning and Community Development
Subject: Family Housing Policy and Advisory Design Guidelines

RECOMMENDATION

That Council:

1. Endorse the Family Housing Policy and the associated Advisory Design Guidelines for Family-Friendly Homes and Spaces as drafted, to come into effect following the June 27, 2024 Council meeting and direct staff to apply the policy to all new rezoning applications.
2. Direct staff to incorporate family-sized housing requirements and consider incentives as part of ongoing projects including the Official Community Plan 10-year Update, Zoning Bylaw Modernization, and Parking Modernization work.
3. Direct staff to undertake family-friendly updates to the General Urban Design Guidelines through the OCP 10-year update.
4. Advocate to the provincial government in support of their current work to consider opportunities for single egress designs to be permitted in multi-family buildings through the BC Building Code.

EXECUTIVE SUMMARY

The Victoria Housing Strategy and direction from Council (April 27, 2023) call for the development of a policy that supports the creation of more housing for families in multi-unit residential buildings. The need for this type of housing is becoming more urgent as families face increasingly unaffordable and limited options in Victoria.

This report provides Council with a recommended approach for establishing a city-wide Family Housing Policy (Attachment A) that will help to secure a minimum proportion of family-sized units in new multi-unit residential buildings. New advisory design guidelines are also proposed that illustrate best-practice for liveability of these homes for families.

The proposed Family Housing Policy would apply to rezoning applications for projects with four or more storeys, recognizing that Missing Middle housing already has requirements for three-bedroom units. The policy requires that a minimum of 30 per cent of the units in new strata buildings have two- or more bedrooms, 10 per cent of which must be three- or more bedroom units; and that 25

per cent of units in new rental apartment buildings must have two- or more bedrooms, five per cent of which must be three- or more bedroom units. The proposed two- and three-bedroom policy targets are based on the results of an extensive economic analysis. The analysis undertaken (Attachment C) by an external consultant, determined that it was feasible to set a target of 10 per cent three-bedroom units in new strata developments without negatively impacting viability but that this expectation may be challenging in rental developments under current market conditions. However, incentives already provided by the City such as lower parking requirements and additional density can successfully mitigate barriers to financial feasibility in many cases.

The accompanying advisory design guidelines will facilitate the delivery of high quality, liveable homes for families at the unit and building level, and encourage designs that can accommodate changing household needs over time. Considering information gathered through this work, updates to the General Urban Design Guidelines are recommended to be implemented through the OCP update process.

In the near-term, the policy and advisory design guidelines would be applied to rezoning applications and secured through legal agreement. The minimum two- and three-bedroom unit requirements would also be integrated into zoning modernization work, happening under the OCP 10-Year Update to ensure family-friendly housing options increase as the City's land use framework evolves to reduce the reliance on rezonings in the future.

PURPOSE

The purpose of this report is to provide Council with a recommended approach for encouraging the provision of family-sized (two or more- bedroom) units in new multi-unit residential buildings, including voluntary design guidelines to help support the liveability of these homes for families.

BACKGROUND

The need for more 'family-sized' housing in Victoria is well-established and increasingly urgent. While rising rents and home prices have made finding affordable housing challenging for most households, families with children face even greater challenges because of the limited availability of suitable homes. Worse still, families seeking to rent a three-bedroom home faced the highest average rent increases over the past four years and, despite record levels of construction, the City has yet to meet the Housing Strategy annual target for family-sized units; only 596, of the 1,600 family-sized homes needed by 2025 have been built. The market is not responding to the urgent need for three-bedroom homes in secured rental buildings; according to the 2024 CMHC Rental Market Report, the vacancy rate for three-bedroom units is 1%, but only 18 three-bedroom units have been added to the rental market over the last several years.

National Census data shows a clear trend that young families and young adults looking to start families leave Victoria. The city's Housing Needs Assessment shows that one of their greatest challenges is finding appropriate housing that they can afford.

The Victoria Housing Strategy includes a specific action to "*consider the development of a family housing policy, including a bylaw to incentivize and mandate the creation of two and three-bedroom units*" (Victoria Housing Strategy, p. 57). The City's Official Community Plan (OCP) also includes directions to "*sustain a population base sufficient to maintain existing public schools by encouraging housing, amenities and services suitable for families with children in all neighbourhoods through policies, local area plans, and zoning.*" (OCP Policy 15.10). Additionally, the recently adopted local area plans for Fernwood, Hillside-Quadra, and North Park also include statements that family-oriented housing should be encouraged in any proposed development:

“Until a policy supporting the provision of housing for families with children at home is developed through the Victoria Housing Strategy, family-oriented housing should be encouraged in any proposed development, including the provision of two- and three-bedroom units (including on more affordable lower floors and/or adjacent to on-site open spaces), ample storage space, access for strollers, and indoor and outdoor amenity spaces that can serve families and youth. Family-oriented secured rental projects are particularly encouraged in locations proximate to schools and amenities (e.g., community and rec centres or parks and open spaces).”

The proposed Family Housing Policy broadly supports the creation of a range of housing options suitable for larger households and families with children to help attract and retain families in the city by establishing minimum proportions of two- to three-bedroom units in new developments. Such a policy would allow the City to formalize and strengthen its expectations of development to deliver family-friendly homes and foster multigenerational neighbourhoods.

ISSUES & ANALYSIS

Jurisdictional Scan and Best Practices

Given the global population shift to urban areas and the increasing need for densification, cities across the globe are taking steps to better manage growth in a way that addresses the needs of families and ensures that their communities are attractive places to raise children. Many cities have, or are developing, robust policies and initiatives to help guide the development of homes, neighbourhoods, and public spaces for families with children and youth. This is achieved through: zoning regulations, design guidelines, OCP Policy, and city-wide strategies that include:

- **Family-Friendly Bedroom Composition Requirements**
New developments must include a minimum percentage of two and three-bedroom units, that generally ranges between 10 to 35 percent. Some jurisdictions require different percentages based on tenure.
- **Family Friendly Design Guidelines**
Guidelines that address best practices of site, building and unit design related to residential liveability for families with children.
- **Child-Friendly Cities Strategies**
These strategies take a holistic approach that looks beyond housing to identify how cities and the built environment can support children and attract families through green space, public transport, access to schools, and much more.

More detailed information on the 17 municipal family housing policies and child-friendly city strategies reviewed can be found in Attachment D (Jurisdictional Scan & Best Practice Review).

Economic Analysis

The City worked with a land economist to determine the impact on viability of mandating family-sized units on a range of multi-unit residential development scenarios (see Attachment C – Family Sized Housing Feasibility Study). The analysis tested multiple housing typologies and tenures across multiple Urban Place Designations.

Because the number of two-bedroom units occurring naturally in new construction is generally higher, and the significantly greater need and suitability of three-bedroom units for families with children, multi-generational living, or other shared living arrangements, the analysis focused on the following requirements:

- requiring 10 per cent three-bedroom units
- requiring 15 per cent three-bedroom units.

The potential for the following incentives to support the delivery of family sized homes was also studied:

- reducing off-street parking requirements
- providing bonus density through:
 - density above the OCP base density secured through rezoning application process
 - pre-zoning to allow for higher densities as-of-right.

The three-bedroom unit requirements were tested against a baseline unit mix typically seen in recent development applications consisting of 10 per cent studios, 60 per cent one-bedrooms, 25 per cent two-bedrooms, and 5 per cent three-bedrooms. For more information on Victoria’s multi-unit residential market context and development patterns, see attachment D (Jurisdictional Scan and Best Practice Review).

Housing Sector Interviews

The consultants conducted fifteen research interviews with community groups, non-profit housing providers, and other industry stakeholders. There was general agreement that only three- or more bedroom units should be considered as “family sized” and that larger homes are needed throughout the city by more than just families. Developers and architects indicated that design constraints for family-sized units (e.g. stacking of floor layouts, underground parking, operable windows for each bedroom, and egress requirements) often limit the feasibility of including more three-bedroom units per floor. As a result, these stakeholders noted that mandates for three-bedroom units higher than 10 per cent were likely not economically feasible under current building code regulations. Interviewees expressed that mandated family-sized unit requirements must be supported by commensurate incentives such as fee waivers, tax exemptions, or bonus density.

Building owners highlighted that three-bedroom units in new buildings are the most challenging to rent out (especially downtown where rents for these units are very high and there is a shortage of family friendly amenities) and provided lower income per square foot compared to smaller units.

Lastly, interviewees mentioned several strategies to support the delivery of more housing for families, including land partnerships, accelerating development approvals, more family-friendly amenities, and advocating for changes to the building code for a single means of egress.

Findings from Economic Analysis

The analysis determined that under current market conditions, rental projects struggled to remain viable if required to provide five per cent three-bedroom units without incentives.

For strata projects, the potential to deliver 10 per cent three-bedroom units seemed viable in most scenarios. However, requiring 15 per cent proved to be too much to require without providing significant incentives in all but the ground-oriented townhouse condition (Missing Middle projects) and low-rise apartments located in high-value medium density areas.

The results of the analysis recommend:

- Consider a more flexible “single mandate” focused on three bedrooms, instead of prescribing a “dual mandate” for both two and three bedrooms.
- Begin with the "standard" 10 per cent three-bedroom target for strata but encourage and create opportunities for the delivery of up to 15 per cent three bedrooms with additional incentives.
- Advance pre-zoning efforts to a feasible density depending on percentage of three-bedrooms expected.
- Provide opportunities for further reductions to parking standards but be mindful of consumer preferences and household requirements.

Also, changes to macroeconomic conditions and/or the national building code requirements for two means of egress could improve the viability of higher proportions of three- or more bedroom units.

Proposed Policy

The proposed approach (Table 2, Attachment A) for two- and three-bedroom unit targets balances the need to preserve project viability with the City’s goal of providing a range of housing options that attract and retain families. In recognition of the current challenging market conditions, especially for new rental developments, the proposed policy would establish a lower requirement for rental projects than for strata and generally align with the percentages of two- and three-bedroom units already occurring naturally in most new multi-unit residential buildings. This approach will enable a more consistent and predictable delivery of family-sized units in new multi-unit residential developments and limit instances where projects come forward with only studio and one-bedroom units, while respecting the current economic challenges faced by developers. However, staff will continue to monitor market conditions and changes to building code to consider opportunities for increased three-bedroom requirements through the zoning modernization work.

The Family Housing Policy unit targets would be expected for new multi-unit residential buildings of four storeys or more since there is an existing three-bedroom unit regulatory requirement for Missing Middle housing applications.

The City would look to secure the bedroom composition targets through a legal agreement as part of the land use approvals process.

Tenure	Policy Expectations
Strata	<ul style="list-style-type: none">• 30% of total project dwelling units must be two- and three-bedroom units• At least 10% of those dwelling units should contain three- or more bedrooms
Rental	<ul style="list-style-type: none">• 25% of total project dwelling units must be two- and three-bedroom units• At least 5% of those dwelling units should contain three- or more bedrooms.

Table 1: Proposed Family Housing Bedroom Composition

New multi-unit developments for seniors housing (under the Community Care Act), supportive housing, and non-market housing targeted towards single- or two-person households will not be expected to meet the Family Housing Policy bedroom ratios.

The policy is accompanied by the Advisory Design Guidelines for Family Friendly Homes and Spaces (Attachment B). These guidelines encourage thoughtful site planning, high-quality unit and building design, and landscaping that addresses livability and adaptability for families as their needs change over time. These guidelines provide best practices and design considerations for

developers, architects, and designers involved in the provision of family housing. The guidelines are also an important reference tool for staff.

Integration with Zoning

The bedroom targets outlined in the proposed policy above would be embedded into zoning for all multi-residential zones through the Zoning Modernization work, happening as part of the OCP 10-year Update. This will ensure family-friendly housing options increase as the City's land use policy framework moves to reduce the reliance on rezonings in the future.

Additional supports for family housing and multigenerational neighbourhoods

In addition, minor “family friendly” updates are proposed to the General Urban Design Guidelines which apply to all development permit applications for new multi-unit residential developments. The guidelines could be enhanced to better integrate family suitable design features such as storage space for strollers and other mobility devices, and access to outdoor space and inclusive outdoor play. Revisions would address family and child-friendly design at the lot and building level and be informed by consultation as part of the City's OCP 10-year Update.

Possible Future Actions

Cities around the world are looking beyond simply providing enough family-sized homes and are working to develop comprehensive strategies to make their city a desirable place for families to live, with a specific emphasis on the wellbeing of children. The “Child Friendly City” is a UNICEF campaign aimed at helping cities to create a holistic planning approach that focuses on the unique needs of children and youth in all aspects of city-building. This initiative incorporates policies, design guidelines, and programming elements to ensure that children have a sense of ownership in their communities and can have fun while playing active and visible roles in the daily life of urban streets, parks, and squares. Cities including Toronto, Edmonton, London, and Rotterdam have adopted child-friendly city strategies and are seeing benefits.

Inspired by these examples, and once work on the 10-year OCP update is complete, other types of family-oriented planning approaches may be considered as future phases of the current work, to consolidate and build upon Victoria's existing efforts to create complete communities that attract and retain families.

Advocacy

To support the delivery of more family housing, Council could encourage the provincial government's investigation to update building code regulations which require two means of egress in apartment buildings over two storeys. This requirement of two means of egress is a major barrier to the design of three- and four-bedroom apartments and is no longer included in some jurisdictions (e.g., UK, Seattle) with the addition of modern fire suppression systems. Changing these requirements could help facilitate a greater portion of family-sized units in new apartment buildings.

Next Steps

Should Council approve the proposed approach to support family-friendly housing, the following next steps would be undertaken:

- Upon enactment, apply the Family Housing Policy and associated advisory design guidelines to rezoning applications received on or after the June 27, 2024 Council meeting.

- Incorporate family-sized unit requirements as part of the ongoing OCP 10-Year Update and Zoning Bylaw Modernization.
- Update the General Urban Design Guidelines through the OCP 10-year Update.

OPTIONS & IMPACTS

Option 1: Endorse the Family Housing Policy and next steps as presented (Recommended).

Staff recommend that Council:

1. Endorse the Family Housing Policy and the associated Advisory Design Guidelines for Family-Friendly Homes and Spaces as drafted, to come into effect following the June 27, 2024 Council meeting and direct staff to apply the policy to all new rezoning applications.
2. Direct staff to incorporate family-sized housing requirements and consider incentives as part of ongoing projects including the Official Community Plan 10-Year Update, Zoning Bylaw Modernization, and Parking Modernization work.
3. Direct staff to undertake family-friendly updates to the General Urban Design Guidelines through the OCP 10-year Update.
4. Advocate to the provincial government in support of their current work to consider opportunities for single egress designs to be permitted in multi-family buildings through the BC Building Code.

Option 2: Decline endorsement of the Family Housing Policy and next steps as presented.

Should Council not wish to move forward with implementing the Family Housing Policy, there is a risk that the City continues to fail in meeting its family housing targets, will continue to see developments with few or no units suitable for families, and the trend of families with children leaving the City will persist.

Accessibility Impact Statement

Core Housing Need and the need for more affordable housing options is felt most acutely by priority populations in the city. The intended outcome of the Family Housing Policy is the creation of more homes suitable for families with children and larger households, particularly in buildings of four or more storeys. This will improve the availability of housing suitable for families or larger households, including those where one or more members face mobility barriers.

2023 – 2026 Strategic Plan

This work aligns with Council's strategic goals related to housing, specifically to "diversify housing types and distribution".

Impacts to Financial Plan

There are no impacts to the Financial Plan.

Official Community Plan Consistency Statement

The proposed policy and associated activities are consistent with several housing related goals and objectives of Victoria's OCP, particularly those related to housing choice (within Section 13: Housing and Homelessness) and multigenerational neighbourhoods (Section 15: Community Well-being).

CONCLUSIONS

In consideration of the current economic climate, local market dynamics, regulatory environment and housing needs, staff have proposed a Family Housing Policy which will deliver tangible outcomes in the form of housing suitable for families. By balancing the community's needs with the realities of developing family-sized housing, the proposed policy framework and integration into zoning via the ongoing zoning modernization work, will help to ensure that much-needed housing is built and the City is well-positioned to achieve its targets and goals related to providing housing choice.

Recognizing the important role that children play in the lives of families and healthy communities, further interventions across City departments in the physical and social environment tailored to children's needs would help the City succeed in creating a place where Victorians can see a future for themselves, and their families in, for generations to come.

Respectfully submitted,

Andrew Cusack
Senior Planner - Housing Policy

Karen Hoesle
Director, Sustainable Planning and Community
Development

Report accepted and recommended by the City Manager

List of Attachments

- Attachment A: Proposed Family Housing Policy
- Attachment B: Advisory Design Guidelines for Family Friendly Homes and Spaces
- Attachment C: Family Sized Housing Feasibility Study
- Attachment D: Jurisdictional Scan and Best Practice Review