



Committee of the Whole Report For the Meeting of November 14, 2024

To: Committee of the Whole **Date:** October 31, 2024
From: Karen Hoese, Director, Planning and Development
Subject: **Progress Report 2 on Provincial Housing Targets**

RECOMMENDATION

That Council pass the following motion and bring it forward for ratification at the November 14, 2024 daytime Council meeting:

1. That Council:
 - a. Receive the Provincial Housing Targets Progress Report for reporting period 1.2 (October 1, 2023 to September 30, 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 second Progress Report on Victoria's Provincial Housing Targets, for the period of October 1, 2023 to September 30, 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 as well as actions taken by the City to achieve the Provincial housing targets.

The City of Victoria has exceeded the 659-unit housing target for year one with 1,477 net new units completed. Through the end of year one the City is 30 per cent of the way to meeting the five-year Provincial housing target.

Since the last reporting period the City has seen further progress toward achieving the Province's guidelines for housing by unit size, tenure, and affordability. Notably, the City saw the completion of 168 net-new below-market rental units since the March 31, 2024 reporting period and continued progress on purpose-built rental housing with a total of just over 900 rental homes completed through the end of year one.

From a policy perspective the City continues to advance work that will add long-term housing capacity and respond to priority housing needs. Key foundational work includes updates to the City's land use framework through the 10-year Update of the Official Community Plan (OCP) and Zoning Bylaw Modernization that will add much needed long-term housing capacity. In June of 2024, the City

adopted the Affordable Rental Housing Revitalization Tax Exemption (RTE) Bylaw and the Family Housing Policy to encourage affordable and family-friendly housing options. Other key actions include on-going work to leverage City lands for affordable housing and the Development Process Review Project.

Additionally, 1,713 new homes were approved through rezoning and/or development permit by Council or delegated staff approvals, and building permits were issued for 805 homes (net-new) in the first 12-month period. Overall, Victoria is in good position to meet the five-year housing target of 4,902.

PURPOSE

The purpose of this report is to present Council with the second Progress Report on Victoria's Provincial Housing Targets, for the period of October 1, 2023 to September 30, 2024.

BACKGROUND

On September 26, 2023, the Government of British Columbia issued ministerial orders to ten local governments, including the City of Victoria, establishing five-year housing targets.

Housing targets outlined in these orders reflect 75 per cent of the 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. Annual targets for the first two years are initially lower with the targets increasing in years four and five. The Province also provided guidelines that accompany the targets that communicate provincial expectation that new housing is delivered for a range of income groups and household types. Municipalities are primarily assessed on the number of net-new homes completed (as per occupancy permits) over the five-year period.

The City is required to provide progress reports annually as per the requirements in the ministerial order. The progress reports must be received by council resolution within 45 days of the end of each reporting period and include completion of a housing target progress report form, which is appended to this report as Attachment A.

In addition to the five-year Provincial Housing Targets the Province also introduced new Housing Needs Report (HNR) legislation over the last year. The legislation identifies a standardized approach for all BC local governments to determine long-term housing needs (20-years). The City of Victoria is required to prepare an interim HNR that aligns with the provincial methodology before January 1, 2025, as well as a full update to the HNR before the end of 2028.

As part of the City's Official Community Plan (OCP) 10-Year Update, long-term housing needs were reviewed with OCP *Goal Posts* identifying long-term housing supply targets. The City's analysis to understand housing needs employed a similar methodology as the Province (i.e., latent demand, estimated population growth etc.), resulting in comparable understanding of the City's long-term housing needs. The OCP goal posts are guiding land use planning recommendations to ensure that the City's housing capacity can accommodate long-term (20-year) housing needs. In contrast, the five-year Provincial Housing Targets provide a near-term housing target to ensure the City is adding the necessary housing supply on an annual basis to catch up and keep up with local housing demand. In summary, these two scales of provincial targets demonstrate the need for both immediate and long-term action on housing supply to meet the acute need for housing in the region.

ISSUES & ANALYSIS

Progress Toward Achieving the Annual Cumulative Housing Target

Records indicate that a total of 1,477 net new dwelling units were completed in Victoria between October 1, 2023 and September 30, 2024. This represents 30 per cent of the 2028 cumulative target (4,902 units) and far exceeds the prescribed year one target of 659 units.

With respect to the housing composition guidelines, units constructed since October 1, 2023, are also demonstrating general alignment with the recommended unit breakdown, as shown in the table and chart below. It is worth noting that the City continues to see fewer three-bedroom family-friendly and below-market (affordable rental) housing units than recommended in the housing unit composition guidelines. The unit composition guidelines are primarily referenced for tracking purposes, recognizing the City is using Housing Needs Reports and OCP analysis to determine if long-term housing capacity meets community need.

	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	1536	944	511	81	930	550	183	747	56
Demolished	59	25	25	9	24	35	15	9	0
Net Completions	1477	919	486	72	906	515	168	738	56

Table 1: Housing Completion by Unit Composition

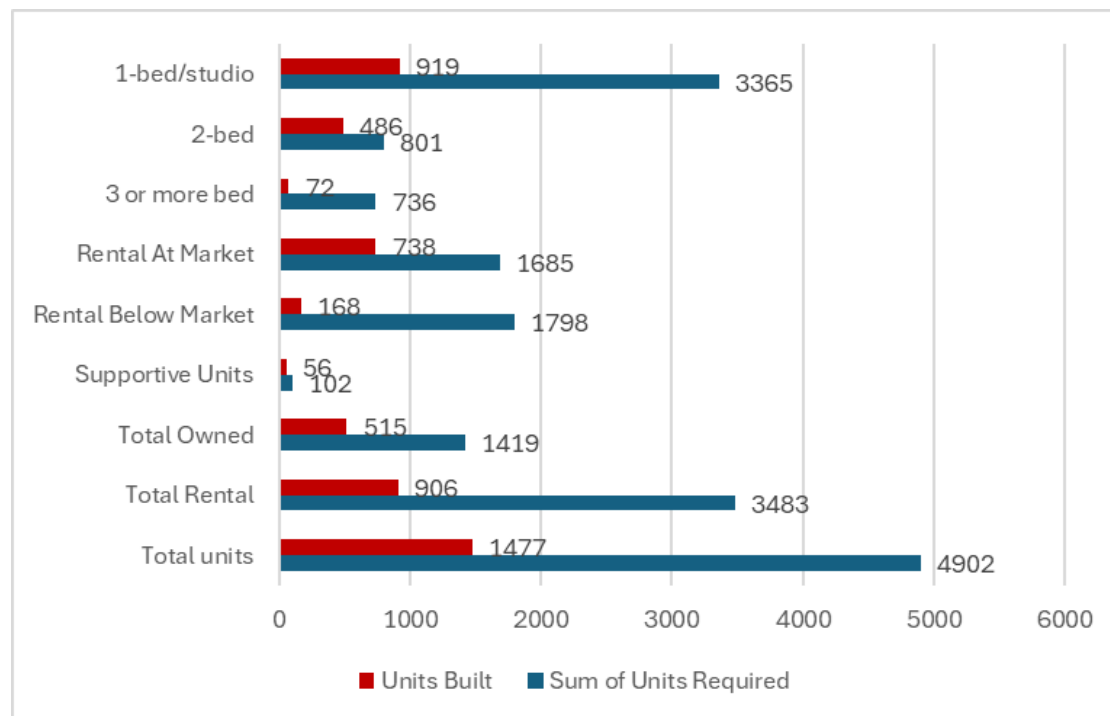


Figure 1: Units completed from October 2023 to September 30, 2024 versus 2028 targets

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	In late 2023, as part of a six-month review, Council approved changes to simplify the Missing Middle Regulations to support increased uptake from the development community . A 30% requirement for three-bedroom units was retained to support the delivery of housing options for families.	Completed
Updates to Victoria Housing Reserve Fund Guidelines	Also in late 2023, updates to the Victoria Housing Reserve Fund Guidelines provided additional financial support to non-market rental housing projects.	Completed
MOU re: HEART and HEARTH with BC Housing	In early 2024 a Memorandum of Understanding (MOU) between the Province and the City of Victoria affirmed a commitment to address homelessness in Victoria through the Homeless Encampment Action Response Teams (HEART) and the Homeless Encampment Action Response Temporary Housing (HEARTH) programs.	Ongoing
Rental Incentives	In June 2024, Council approved the Revitalization Tax Exemption (RTE) Bylaw to incentivize the development of non-market rental housing and support the inclusion of affordable units in market rental projects.	Completed
Family Housing Policy	In June 2024, the City introduced the Victoria Family Housing Policy and associated Advisory Design Guidelines for Family Friendly Homes. The policy establishes a minimum percentage of two and three-bedroom units in all new multi-unit residential buildings.	Completed
MOU re: HEART and HEARTH with BC Housing	In early 2024 a Memorandum of Understanding (MOU) between the Province and the City of Victoria affirmed a commitment to address homelessness in Victoria through the Homeless Encampment Action Response Teams (HEART) and the Homeless Encampment Action Response Temporary Housing (HEARTH) programs.	Ongoing
OCP Update and Zoning Bylaw Modernization	Work on updating Victoria’s Official Community Plan to meet housing supply needs for next 25 years has continued through 2024. The approach has focused on responding to the housing crisis while simultaneously aligning the City’s zoning regulation bylaw and other tools to help realize policy objectives. Public engagement was completed in September 2024.	Ongoing

Housing Target Supportive Action	Description	Status
Development Process Review	<p>The City is reviewing development processes to identify opportunities to reduce approval times with a focus on the following:</p> <ul style="list-style-type: none"> • Adding new support systems for applicants • Simplifying approvals and procedures • Introducing new application software • Developing staff capacity • Fostering a culture of continuous improvement through training and mentorship 	Ongoing
Fast Track for Affordable Housing Process	<p>The City has approved several affordable housing projects through the Fast Track for Affordable Housing Process. Under this program, eligible projects are exempt from rezoning with delegated approvals for development permits, resulting in reduced time to secure land use approvals.</p>	Ongoing
Leveraging City Lands for Housing	<p>The City is exploring opportunities to use City-owned land to support the delivery of affordable housing.</p>	Ongoing
Development Cost Charge Grants	<p>As part of the City’s Development Cost Charge (DCC) Bylaw review, staff will present Council with a grant program to offset DCCs for non-market rental housing projects.</p>	Ongoing

Rezoning, Development and Building Permit Approvals

In addition to the 1,477 net new units completed, the City has approved roughly 2518 new units across 112 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 often change as designs are refined before final building permit issuance.

Between October 1, 2023 and September 30, 2024 there were also fifteen applications, representing approximately 281 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

At the end of year one of the five-year Provincial Housing Targets the City of Victoria is almost a third of the way to meeting the target of 4,902 homes. However, the City will need to continue to work closely with all housing providers to ensure housing supply efforts are sustained for the long-term and that new housing serves a range of incomes and household types. Currently, the delivery of three-bedroom units and below-market rentals is not on-pace with provincial guidelines; however, the recently adopted Family Housing Policy as well as the improved Missing Middle regulations are expected to encourage more family housing in the coming years. Also, the introduction of new financial incentives (e.g. Revitalization Tax Exemption) for affordable rental alongside efforts to leverage City-owned sites for affordable housing partnerships are expected to help the City meet below-market housing targets over the coming years.

Respectfully submitted,

Ross Soward
Manager of Housing
Citywide Planning

Karen Hoese, Director
Planning and Development

Report accepted and recommended by the City Manager

List of Attachments

- Attachment A: Interim Progress Report Form (Reporting Period 1.2)