

- Instruct the Director to report back to Council with a summary of the feedback received pursuant to the above consultation as part of the broader 10-year OCP Update reporting and seek direction to prepare a tenant protection bylaw as described in the Protecting Tenants section of this report.

EXECUTIVE SUMMARY

In 2023, the Province of British Columbia enacted changes to the *Local Government Act* (LGA), signifying a shift to a pro-active planning approach to enable a more rapid response to housing need that is less reliant on rezoning. This report fulfills one of the requirements of the pro-active planning legislation (to prepare and receive an Interim Housing Needs Report in accordance with provincial regulations).

The City of Victoria's 2024 Interim Housing Needs Report (Attachment 1) calculates five-year, and 20-year housing need based on the new provincial methodology referred to as the HNR Method. Using the HNR Method, the anticipated housing needed between 2021 and 2041 is 26,604 units.

The pro-active planning legislation further directs municipalities to update their Official Community Plan (OCP) and Zoning Bylaws to accommodate this need. The City has already been working toward accommodating long-term housing needs through the 10-year OCP Update and Zoning Modernization process. The methodology that was used to estimate housing need for the OCP (referred to as Goal Posts) followed a comparable approach and resulted in a similar understanding of housing need out to 2041. While the methodologies and identified housing needs are similar, the City's OCP update is considering a longer-term planning horizon (to 2050).

To help municipalities transition to a pro-active planning context, the Province subsequently introduced Bill 16 which provides local governments with new authorities. Specifically, updates to the *Community Charter* and the *Local Government Act* allow municipalities to establish Tenant Protection Bylaws (TPBs) and enable their application through a Development Permit Area (DPA). These new tools enable municipalities to support tenants that are displaced because of redevelopment to higher zoned housing capacity where rezonings are not required. The City's existing Tenant Assistance Policy (TAP) aligns with the intent of the new tenant protection authorities and can be transitioned to a bylaw that ensures tenant supports apply to a broader range of land use applications. A new DPA which can be established through the OCP 10-Year Update, would support the City's ability to enforce the bylaw.

This report reflects the City's on-going leadership in implementing a pro-active planning framework through the OCP 10-Year Update and Zoning Modernization process to increase housing capacity and respond to acute housing challenges in the community. It provides Council with the opportunity to align existing efforts with the new Provincial legislative framework.

PURPOSE

The purpose of this report is to present Council with an Interim Housing Needs Report to meet legislative requirements. In addition, staff are seeking direction related to transitioning the existing Tenant Assistance Policy to a Tenant Protections Bylaw, as authorized under new enabling legislation, and to explore the possibility of creating a new Tenant Protection Development Permit Area in the OCP to support the City's ability to protect displaced tenants.

BACKGROUND

The City of Victoria completed its first Housing Needs Assessment (HNA) in October 2020, in alignment with Provincial legislation at the time, as part of a joint project with other Capital Region District communities. The results of this report have informed the City's planning and policy decisions since.

In the fall of 2023, the provincial government introduced pro-active planning legislation as part of *Bill 44: Housing Statutes (Residential Development) Amendment Act, 2023* (Bill 44). Bill 44, in part, requires that, by January 1, 2025, municipalities prepare an Interim Housing Needs Report identifying the five- and 20-year housing need in their communities. The Interim Housing Needs Report (HNR) is intended to amend the City's current Housing Needs Assessment (HNA) based on key metrics of housing demand and population growth. The legislation also requires municipalities to update their official community plans and zoning bylaws by December 31, 2025 to accommodate the housing need identified in the interim report.

The City approved its *Tenant Assistant Policy* (TAP) in 2018 (most recently updated in 2023) to mitigate the impacts of tenant displacement due to redevelopment. As the City updates OCP and Zoning Bylaws concurrently to comply with provincial legislation and accommodate long-term housing needs there will be less reliance on site-specific rezoning and, consequentially, less opportunity to apply the TAP in support of tenants displaced by development. In response, the Province introduced new authorities for local governments to develop Tenant Protection Bylaws (TPBs) and Development Permit Areas to require tenant assistance outside of a rezoning process. For the City to make use of these new legislative authorities, a new bylaw is required. Creating a Development Permit Area (DPA) in the OCP to support the application of the new TPB will allow the City to require compliance with the TPB as a condition of development permits.

VICTORIA'S INTERIM HOUSING NEEDS REPORT

The Interim HNR is intended to amend and build on the current [Housing Needs Assessment](#) (HNA). Per provincial regulations, the interim report must include three new key items in addition to what was included in the most recent City Housing Needs Report:

- **Current and Future Need:** The number of housing units required to meet current and anticipated need for the next five and 20 years, as calculated using the Housing Needs Report Method (HNR Method) directed by regulation.
- **Housing Location:** A statement about the need for housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation.
- **Progress:** A description of the actions taken by the local government, since receiving the most recent Housing Needs Report, to reduce housing needs.

Upon Council's direction, the Interim HNR will be appended as a schedule to the current HNA and published on the City's website. According to the HNR Method, Victoria needs 8,254 net new units within five years and 26,604 net new units within 20 years, as described in detail in the Interim HNR (Attachment 1). The provincial legislation requires both OCPs and zoning bylaws to be updated by December 31, 2025, to accommodate 20-year housing needs.

COMPARING METHODOLOGIES FOR ESTIMATING HOUSING NEEDS

The Interim HNR identifies the housing units required over the next five and 20 years, based on the HNR Method. Independent of provincial direction and prior to the introduction of new HNR requirements and methodologies, the City initiated a response to housing needs through the 10-year OCP Update process. To inform OCP Goal Posts, the City also assessed long-term housing needs.

While the respective methods used to calculate housing needs for the Interim HNR and for proposed OCP Goal Posts were developed independent of each other, both are reasonably well aligned and have a similar approach to projecting growth and estimating latent demand. There is only a two per cent difference between the OCP Goal Post’s and the HNR Method’s estimated 20-year housing needs (see Table 1). This difference is the result of slightly higher population projections and slightly lower latent demand estimates in the OCP Goal Post Method.

Importantly, however, the City’s OCP Goal Posts look beyond the 20-year time horizon, to define 30-year housing need (to 2050) and speak to the diversity of those needs by specifying goals for rental units and family units.

	HNR Method	OCP Goal Post Method
20-year Housing Need (2021-2041)	26,604 units	26,060 units ¹
30-year Housing Need (2021-2050)		34,600 units

Table 1: Interim Housing Needs Report versus OCP Goal Posts (2021-2041)

In summary, the methodology used for both the Interim HNR and OCP Goals posts are well aligned and provide a strong foundation for addressing housing needs through a pro-active planning approach. The City continues to show leadership in pro-active planning by considering longer-term planning horizons and opportunities to realize both supply and diversity within that supply.

ADDRESSING HOUSING NEEDS THROUGH THE OCP UPDATE

In addition to identifying 20-year housing needs, the pro-active planning legislation requires local governments to provide capacity to meet those needs by updating their OCPs and zoning bylaws by December 31, 2025. The work is already well underway to update Victoria’s land use framework to address identified housing need.

In May 2023, prior to the introduction of pro-active planning legislation, Council directed the 10-year Official Community Plan Update. The process is intended to provide meaningful solutions to the housing crisis to enable sufficient housing capacity in both land use policy and zoning citywide, providing a simpler and more predictable development approvals process. The directed process is

¹ Technical Note: This figure differs slightly from the 2041 figure found in the OCP Update engagement materials where latent demand estimates are distributed over the three decades in the 2050 planning horizon. For meaningful comparison to the HNR Method, the figure in Table 1 distributes all latent demand over the two decades between 2021 and 2041.

well-aligned with the subsequently released pro-active planning legislation.

Assessing Housing Capacity

To understand how different land use scenarios influence the amount of housing need that can realistically be met, the OCP update has been informed by a residential capacity assessment. No regulations or guidance have yet been provided by the province to assess residential capacity. However, the City's methodology is rigorous relative to past assessments and appears to be an emerging best practice across the province.

As presented during the February 8, 2024, Committee of the Whole meeting, some of the scenarios tested identified potential paths to realizing housing need out to 2041, including those for which Council provided direction to consult; however, these scenarios had mixed results in achieving diversity of housing tenure. Further, based on the City's assessment of residential capacity, no clear path to satisfying the 2050 Goal Post for 34,600 units was evident in the land use scenarios tested.

Accounting for Changing Market Conditions

Over the past year, the market and regulatory conditions that informed the residential capacity analysis have shifted in notable and substantive ways. As such, the City is updating its assessment to better reflect current conditions including constraints (e.g., higher hard and soft development costs) and opportunities (e.g., single egress building forms now permitted in the BC Building Code). The findings from this assessment will be included in the forthcoming report on the OCP update in early 2025.

PROTECTING TENANTS AS WE ACCOMMODATE HOUSING NEED

In the context of a built-out city like Victoria, meeting future housing need requires a more efficient use of the land available and this often involves the loss of older, lower density housing to make room for newer, higher density forms. Through the course of redevelopment required to meet identified housing need, tenants may be displaced. Recognizing this challenge in a growing and urbanizing city, in 2018 Victoria adopted a *Tenant Assistance Policy (TAP)* (Attachment 2) that expects developers to support tenants being displaced because of redevelopment.

Legislative Context for Tenant Support

Historically, the TAP was a policy that laid out City expectations and can only be applied in the context of a rezoning. However, as part of the recent changes to provincial legislation, municipalities have been provided new authority to establish Tenant Protection Bylaws (TPBs) (as per sections 63.2 and 63.3 of the *Community Charter*) and the ability to apply them through a Development Permit Area (as per sections 488 (1)(k) and section 491 (11) of the *Local Government Act*). These legislative changes allow for tenant protections to be applied outside of the rezoning process and they can take the form of regulations, rather than just a policy. For example, this approach could allow for all development applications, or any application seeking a delegated development permit, to be required to provide tenant protection supports. The legislative changes recognize the need to support tenants in the context of significant new zoned capacity aimed at more rapid housing development.

Adapting Victoria’s Approach to Tenant Support

There is significant alignment between the description and intent of these new authorities and the City’s existing Tenant Assistance Policy (TAP), including the ability to establish requirements for financial assistance, moving assistance, help to find a new place to live, or the right to enter into a new tenancy agreement with the owner in the building once redevelopment is complete. It is recommended the City transition the existing policy to a bylaw to ensure these supports and protections continue to work as intended, but with the ability to apply to a broader range of land use applications and enhanced enforceability associated with a bylaw.

The following key components would be recommended for inclusion in the new TPB, in alignment with the current TAP and provincial legislation:

- integration of tenant protections for a broader range of development applications beyond just rezonings, including delegated development permit applications (e.g., Missing Middle).
- updated compensation based on length of tenancy (i.e. lump sum payments or free rent)
- updated moving expenses and assistance
- relocation assistance in finding alternate accommodation
- right of first refusal (if applicable) to return to the newly constructed building
- information about impacted tenants.

Creating a Development Permit Area (DPA) in the OCP to support the application of the new TPB would allow the City to require compliance with the TPB as a condition of development permits. As the current TAP is applied in all areas of the City, it is envisioned that if a new DPA were established to require tenant supports it would be applicable for development applications citywide.

Consulting on Tenant Support

DPAs are identified in the OCP and establishing a new DPA requires consultation. The OCP update underway is a good opportunity to establish a tenant protection DPA. With the general direction Council provided to consult on solutions to the housing crisis (and to update the DPA framework), the City heard significant feedback over the last seven months of engagement about the need to support tenants as the city continues to grow and densify. The City has also heard notable desire to support tenants through recent engagement processes related to housing and development.

To consider if a new tenant assistance bylaw and DPA could bolster the City’s tenant support processes and to satisfy the legislative requirement to consult, the following additional engagement is recommended:

- Consultation meeting with the development community to describe the new bylaw and process and to seek feedback on updated requirements for compensation, moving assistance and applying tenant protection supports to a broader range of development applications.
- Notification on the OCP Update engagement webpage inviting affected persons, organizations and authorities to ask questions of staff and provide written or verbal comments to Council for their consideration.

This approach would ensure the updated tenant protection supports are in place as the City's land use framework is modernized.

OPTIONS & IMPACTS

Option 1: Receive and publish the Interim Housing Needs Report and advance consultation on a new Tenant Protection Bylaw and Development Permit Area (Recommended).

This report recommends that Council receive and publish the Interim HNR to comply with provincial requirements in advance of the January 1, 2025 deadline. The method used to prepare the Interim HNR is closely aligned with the method to prepare goal posts for the ongoing 10-year OCP Update, providing confidence that the City's long range planning efforts accurately reflect future housing needs.

This report further recommends that Council provide direction to advance tenant supports by seeking the necessary consultation in preparation of a new Tenant Protection Bylaw and the possibility of establishing an associated Development Permit Area for tenant protection, enabled through new provincial authorities. The recommended option reflects the City's efforts to be a provincial leader in moving toward a land use framework that enables the delivery of much needed housing, while supporting renters.

Option 2: Do not proceed with publishing the Interim Housing Needs Report and do not advance consultation on a new Tenant Protection Bylaw and Development Permit Area or provide alternative direction to staff.

Council may wish to provide alternative direction. Should Council not support the recommended motions related to the Interim HNR by the prescribed deadline, the City will not meet the provincially mandated requirements for the Interim HNR.

Should Council not support the recommended motions related to tenant protection, the City will be limited in its ability to assist tenants as it moves towards a pro-active planning framework. The existing Tenant Assistance Policy will continue to provide support, however, its use would be limited to applicants seeking a rezoning. In contrast, a Tenant Assistance Bylaw and Tenant Assistance Development Permit Area would apply to a wider range of land use applications, offering broader support to tenants.

Accessibility Impact Statement

The current Housing Needs Assessment, to which the Interim HNR would be appended, identifies accessible housing needs and continues to inform ongoing policy work.

2023 – 2026 Strategic Plan

The Interim HNR supports housing goals by identifying diverse housing needs to inform current and long term planning.

A new tenant protection bylaw supports housing goals including increasing tenant protection within the City's authority and in partnership with other governments and agencies.

Impacts to Financial Plan

There are no impacts to the City's *Financial Plan* associated with the recommendation in this report.

Official Community Plan Consistency Statement

Recommendations in this report are consistent with and advances OCP objectives and policies relating to assessing and identifying the range of housing needs and housing diversity suited to the community's population and future housing demand.

CONCLUSIONS

The 2024 Interim Housing Needs Report, based on the new HNR Method, has identified a need for 26,604 housing units by 2041. Receiving the Interim Housing Needs Report enables the City to comply with the mandated provincial requirement to complete an interim report by January 1, 2025.

The approach to calculating housing needs using the HNR method differs slightly from, but is generally aligned with, the City's approach to identifying housing needs. The key difference is the City's approach to consider a longer-term planning horizon to 2050. Through the OCP 10-Year Update and Zoning Modernization process, significant progress has already been made to account for and accommodate the housing capacity identified in the Interim HNR.

Concurrently, the City has the opportunity to consider the new provincial authority to establish Tenant Protection Bylaws (TPBs) and Tenant Protection Development Permit Areas (DPAs). These tools support the shift towards pro-active planning and strengthen protections for tenants displaced through redevelopment. If Council approves the motions recommended in this report, consultation for a new TPB and Tenant Protection DPA will be initiated, with the goal of presenting the outcome of the consultation and seeking direction to prepare bylaws, when reporting back to Council on the OCP Update in early 2025.

In closing, the work being advanced as part of the OCP 10-Year Update and Zoning Modernization are foundational elements for the City to meet the long-term housing needs identified through the Interim HNR and will enable the shift to a pro-active planning framework that ensures the land use approvals process for housing is simpler, faster and more predictable.

Respectfully submitted,

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Report accepted and recommended by the City Manager

List of Attachments

- Attachment 1: Interim Housing Needs Report
- Attachment 2: Tenant Assistance Policy