

## Housing Workshop

### Analysis of Recommendations from the Mayor's Task Force on Housing Affordability



## Task Force Recommendations

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- The Task Force recommended **25 actions** focusing on the development of housing targeted to Statistics Canada's middle two income quartiles.
- The recommendations include actions covering:
  - policy and regulatory changes
  - procedural changes
  - incentives
  - staff support
  - outreach

## Municipal Housing Strategy

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- The recommendations of the Task Force are proposed to form the basis of a comprehensive Municipal Housing Strategy.
- This supports *City of Victoria Strategic Plan 2015-2018*, Objective 6: Make Victoria More Affordable:
  - **2015 Action:** Initiate Municipal Housing Strategy
  - **2016 Outcome:** Complete Municipal Housing Strategy



## OCP Housing Objectives

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1. That **housing development** that responds to future demand is facilitated through land use policies and practices.
2. That **housing affordability** is enabled for housing types across the housing spectrum, particularly for people in core housing need.
3. That the existing **supply of rental housing** is expanded through regeneration.
4. That a wide range of **housing choice** is available within neighbourhoods to support a diverse, inclusive and multigenerational community.
5. That **partnerships** enable stable housing with appropriate support services.

*\*Mayor's Task Force on Housing Affordability focused on objective #2*

*\*Municipal Housing Strategy will include strategies and actions for all objectives*



## Workshop Agenda

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**Consider each Task Force recommendation:**

**Part 1:** Action items that can be absorbed within current projects

**Part 2:** Action items that can be operationalized in 2016

**Part 3:** Action items that need further exploration at the workshop with direction to staff.

*Note: an additional workshop is available on October 26 if more time is required*



## Workshop Agenda

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**PART 1:**

**Action items that can be absorbed within current projects**



## Task Force Recommendations

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1. Streamline development application and permit processes by considering the following:
  - a. Refine the CALUC process by shifting the timing of the “pre-application” CALUC meeting.
  - b. Delegate approval authority to staff for development permit and heritage alteration permits for affordable housing projects.
  - c. Continue to give priority status to affordable housing applications within the development approval process.

### In Progress:

- Development Summit Action Plan addresses various ways to streamline development application processes, including considerations for delegation.
- Upcoming review of the CALUC process is underway – working with CALUCs and UDI planned.



## Task Force Recommendations

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1. Streamline development application and permit processes (continued):

### Considerations:

- Fast-track process provides some cost benefit for non-profit projects.
- Should the City examine fast-tracking of private development if applications include significant affordable housing units as an incentive?



## Task Force Recommendations

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2. Update the *Zoning Regulation Bylaw* to reflect the densities envisioned within the OCP to facilitate additional housing capacity.

**In Progress:**

- A new zoning bylaw for the Downtown Core Area.
- A new program to accelerate local area planning of neighbourhoods.

**Recommendation:**

- Confirm appropriate densities and update the *Zoning Regulation Bylaw* as part of local area planning.

**Question:**

- Does Council wish to amend the zoning regulations in advance of local area planning for other areas of the city?



## Task Force Recommendations

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3. Reconsider policies, guidelines, regulations and procedures for motel properties in the T-1 Zone, Limited Transient Accommodation District to reduce barriers for residential conversions.

**In Progress:**

- As many motel properties are located in the Burnside neighbourhood, this can be considered as part of current local area planning (upcoming phase II of public engagement).

**Question:**

- Should motel properties in other parts of the city also be considered as a separate work item?



## Task Force Recommendations

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### 4. Develop policies and procedures for establishing affordable housing agreements that include:

- Consistent and transparent processes
- Guarantees for the long-term security of tenure and affordability of units
- Supports for other housing affordability measures (e.g. inclusionary zoning requirements, revitalization tax credits, etc.).

#### Considerations:

- Housing agreements are currently used at rezoning stage to secure affordable housing.
- Widespread use may result in lower assessed values, potentially affecting mill rates for other areas of the city to make up for the lost revenue (further analysis needed).

#### In Progress:

- This can be absorbed into the ongoing work to improve development application processes.



## Task Force Recommendations

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### 5. Reduce parking requirements within Schedule C – Off-Street Parking of the *Zoning Regulation Bylaw* as per the table provided in the Action Plan.

#### In Progress:

- Staff are completing an RFP for a review and update of Schedule C that will include consideration for supporting affordable housing.
- Estimated completion in spring of 2016.



## Task Force Recommendations

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6. Consider a variety of innovations within the scheduled review of Schedule C – Off-Street Parking of the *Zoning Regulation Bylaw*, such as:

- Facility sharing
- Unbundled parking
- Transit proximity
- Care sharing options, etc.

**In Progress:**

- Staff are completing an RFP for a review and update of Schedule C that will include consideration for supporting affordable housing.
- Estimated completion in spring of 2016.



## Workshop Agenda

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**PART 2:**

**Action items that can be operationalized in 2016**



## Task Force Recommendations

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7. Remove the minimum unit size requirements for multi-unit residential zones within the *Zoning Regulation Bylaw* and within the *Conversion Guidelines – Transient to Residential Accommodation*.

**Considerations:**

- Consistent with current practice Downtown where no minimum residential unit sizes are specified.
- Building code does not require minimum unit sizes, but deals with livability through minimum ceiling heights.

**Recommendation:**

- To effectively remove the barrier, the amendment is recommended to coincide with the Schedule “C” parking regulations update.



## Task Force Recommendations

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8. Amend Schedule G – *House Conversion Regulations* of the *Zoning Regulation Bylaw* to better facilitate conversion of single detached housing units to multi-unit residential buildings.

**Considerations:**

- The regulations currently enable larger, pre-1930's homes to be converted into multiple units.
- The regulations have been a successful initiative, leaving limited opportunities for additional conversions.

**Recommendation:**

- Direct staff to review Schedule G to determine amendments that would best accommodate additional conversion opportunities consistent with the OCP.



## Task Force Recommendations

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9. Review the *Zoning Regulation Bylaw* to ensure it accommodates a variety of housing types that can be used to achieve greater owner affordability in the housing market.

**Considerations:**

- Due to the site-specific nature of housing developments, is Council interested in exploring development of a new policy that would encourage favourable consideration of siting variances if certain criteria were met?

**Recommendation:**

- Update the *Zoning Regulation Bylaw* to facilitate additional housing types following local area planning within each neighbourhood.



## Task Force Recommendations

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10. Review the *Property Maintenance Bylaw* and resources to administer the Bylaw in order to better protect quality of life and promote safe housing conditions for all residents of Victoria.

- a. Add conditions of tenant/resident quality of life;
- b. Coordinate actions to address housing conditions through a City Housing Officer and through reviewing bylaw enforcement resources towards addressing housing quality of life and safety issues.

**Considerations:**

- What specific quality of life issues should the new bylaw address?

**Recommendation:**

- Direct staff to update the *Property Maintenance Bylaw* to improve tenant housing quality.



## Task Force Recommendations

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11. Investigate opportunities for the City to support the development of affordable ownership programs (e.g. shared equity, non-profit) by hosting a workshop for City staff, housing providers, developers and builders.

**Considerations:**

- There are many models of entry-level, home ownership programs in other cities that the City could learn from.

**Recommendation:**

- Direct staff to undertake related research and organize a workshop to explore findings.



## Task Force Recommendations

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12. Designate a City Housing Officer as a lead City liaison for landlords and tenants on housing issues that are within the City's jurisdiction.

**Considerations:**

- What service offerings would a Housing Officer provide that differentiates itself from the Residential Tenancy Branch?

**Recommendation:**

- Examine if a Housing Officer function can be absorbed within existing staff resources and departmental functions, or if an additional dedicated staff resource (FTE) is needed.



## Task Force Recommendations

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13. Create a real estate function within the City's administration that can purchase and sell or lease property for the purpose of creating affordable housing.

**Considerations:**

- City has recently approved a Strategic Real Estate function.

**Recommendation:**

- Examine whether the Strategic Real Estate function could support municipal objectives related to affordable housing.



## Task Force Recommendations

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14. Create an inventory of publicly and privately-held lots suitable for affordable infill.

**Considerations:**

- Staff can create an inventory with existing resources.

**Recommendation:**

- Work with staff in the Strategic Real Estate function (for publically-owned lots) to determine if it can support municipal objectives related to affordable housing.



## Task Force Recommendations

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### 15. Review the Victoria Housing Reserve to determine:

- a. Whether there is a need to increase the \$10,000 per unit amount limit allocated to affordable housing developments;
- b. Consider the option of introducing a per-bedroom allocation to encourage the development of larger units;
- c. Investigate options to expand the capacity of the fund through alternative financing mechanisms.

#### Recommendation:

- Direct staff to review the Victoria Housing Fund Reserve guidelines to encourage the further development of family-oriented units.
- Direct staff to examine per unit amount limits considering project feasibility as well as changes to other fee-related action items.



## Workshop Agenda

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### PART 3:

#### Action items for further exploration:

- Garden suites and secondary suites
- Financial incentives
- “Inclusionary zoning” objectives



## Task Force Recommendations

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16. Amend the *Zoning Regulation Bylaw* to permit garden suites in single-family zones and amend the Garden Suite Policy as necessary.

**Considerations:**

- Garden suites support affordable home ownership and increased rental supply, but may not result in affordable rental.
- If permitted in zoning, Council could only consider form and character (development permits) and zoning variances.
- Public comment would be limited unless variances were triggered.

**Questions:**

- Should garden suites be allowed outright on all R1-B Zone properties, or just “plus-sized” lots?



## Task Force Recommendations

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17. Amend the *Zoning Regulation Bylaw* to permit garden suites on properties with secondary suites and amend the garden suite policy as necessary.

**Considerations:**

- Garden suites support affordable home ownership and increased rental supply, but may not result in affordable rental.
- Results in more visible density/housing units and parking impacts.
- May be better suited to larger lots only.

**Questions:**

- Should there be a requirement that the owner lives in one of the units on the property?
- Should this be allowed outright at a city-wide level or only within certain neighbourhoods?



## Task Force Recommendations

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18. Amend secondary suite regulations by eliminating the minimum size requirement and the restriction on dwellings that have been renovated in the past five years.

**Considerations:**

- Restrictions were put in place to maintain “invisible” density
- Could significantly increase the stock of housing eligible for a new suite
- Additional analysis is needed to determine how many houses would be eligible if regulations are changed.

**Recommendation:**

- As part of the Municipal Housing Strategy, examine ways to increase the number of secondary suites while maintaining livability, safety and affordability.



## Task Force Recommendations

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19. Minimize and pro-rate fees for affordable housing projects.

**Considerations:**

- Reducing fees may help reduce a small portion of overall costs.
- Total development application fees (Rezoning, DP, BP, DCC) equate to approximately **\$6000 per unit**.
- City currently has a “fast-track” application process for non-profit projects (improved application processing times also provide some positive cost impacts on projects).



## Task Force Recommendations

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### 19. Minimize and pro-rate fees for affordable housing projects (continued).

#### Questions:

- Does Council wish to also “fast-track” affordable housing applications that are proposed by for-profit developers?
- Does Council wish to reduce development application fees for affordable housing projects (non-profit and/or profit)?



## Task Force Recommendations

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### 20. Waive development cost charges (DCCs) for affordable housing projects where applicants are willing to enter into a housing agreement.

#### Considerations:

- DCCs are used to pay for:
  - Expansion and upgrading of City's transportation, sanitary, water and stormwater infrastructure to meet the needs and impacts of growth
  - Acquisition and development of new parks to address growth
- Historically, most affordable housing projects are currently not exempt as they contribute to growth and development. If projects include units less than 29 m<sup>2</sup>, those units are exempt from DCCs.
- DCC legislation requires payment into the fund by the City even if DCCs are waived.



## Task Force Recommendations

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### 20. DCCs (continued)

#### Considerations

- City completed a review of DCC Bylaw in 2009 including the option to exempt affordable housing projects from DCC charges.
- Council decided to retain DCC charges for affordable housing projects and provide financial assistance through the Victoria Housing Fund.
- A review of the DCC Bylaw has been recently initiated.

#### Questions:

- Does the City have the capacity and willingness to offset the cost of all DCCs that are waived as this will require additional finances?
- How would the DCC reserve be funded?



## Task Force Recommendations

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### 21. Provide permissive tax exemptions to charitable, philanthropic and/or non-profit corporations that currently own or that build affordable housing in the city.

#### Considerations:

- Community Charter allows for tax exemptions up to 10 years and can be renewed for another term
- Most affordable housing projects are required to pay municipal taxes
- City receives approximately **\$1.6 million** (total) annually in municipal taxes from (non-exempt) affordable housing developments
- If existing affordable housing projects were exempt, the resulting impact would be equivalent to a **2.6% increase** to all other residential taxpayers as a means to offset the exempt taxes



## Task Force Recommendations

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### 21. Permissive tax exemptions (continued)

#### Questions:

- Does Council wish to exempt all affordable housing projects that are developed and operated by non-profit and/or charitable organizations?
- City-wide or in strategic locations?
- Is there a willingness to pass on the cost of exemptions to other tax payers?
- Does Council wish to develop criteria for eligibility such as housing forms, location, target population, etc.?
- Should it be applied retroactively or for new projects only?



## Task Force Recommendations

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### 22. Contribute land at no cost or at reduced market value for the development of affordable housing projects.

#### Considerations:

- Can direct location, distribution and types of affordable housing within the city and maintain long-term control.
- May also result in loss of property taxes if Council approves permissive tax exemptions.
- City portfolio of non-park land is not large.

#### Recommendations:

- Examine whether the Strategic Real Estate function could support municipal objectives related to affordable housing.



## Task Force Recommendations

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23. Create incentives that support converting underutilized or unused spaces above commercial properties into residential use.

**Considerations:**

- The OCP and zoning regulations currently permit residential use in upper levels of buildings Downtown.
- The City currently has a Tax Incentive Program for Heritage-Designated buildings Downtown to offset seismic upgrading costs for residential conversion of existing upper storeys.
- Market value of unused floor area Downtown is high; additional City incentives would be need to be substantial to offset.

**Question:**

- Considering existing zoning allowances and incentives, does Council wish to consider further incentives?



## Task Force Recommendations

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24. Investigate and implement appropriate incentives that can assist landlords in maintaining and/or improving affordable market and non-market housing.

**Considerations:**

- Community Charter prohibits City from providing any type of direct financial assistance to businesses (excludes not-for-profits).
- Density incentives could be considered to support maintenance of affordable and/or market rental stock.
- May improve quality and longevity of affordable housing.

**Questions:**

- Does Council wish to explore further financial incentives in consideration of the cumulative impact that other potential incentives may have on the City's financial capacity or potential impact on tax payers?



## Task Force Recommendations

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25. Direct City staff to report to Council with recommendations on implementing inclusionary zoning as a way to support the development of more affordable housing.

**Inclusionary Zoning Concept:**

- Based on requiring a share of all new housing developments to provide affordable units, targeted to people with low to moderate incomes (non-market housing).
- Generally negotiated through a rezoning process and secured through housing agreements.
- Other approaches include incentivizing through a density bonus system.



## Task Force Recommendations

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### 25. Inclusionary zoning (continued)

**Preliminary findings from the bonus density study are indicating:**

- The "bonus density" beyond the base is needed simply to make a project financially viable.
- At the higher end of the density range, it is easier for projects to support amenities or affordable housing.
- Downtown sites may provide 4-8% of the bonus floor space as affordable housing at a below-market rent (80% of market), leaving no contribution for other amenities.
- Other jurisdictions provide significant incentives to reach higher targets.
- Outside Downtown, the available contribution is limited (estimated at \$5 per square foot).



## Task Force Recommendations

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### 25. Inclusionary zoning (continued)

#### Questions:

- What balance does Council wish to strike between affordable housing and amenity contributions?
- Is Council willing to consider densities above OCP maximums to achieve inclusionary developments?

#### Recommendation:

- Report back to Council with more detailed consultant findings on community amenity contributions and potential options for a density bonus system outside of the Downtown (anticipated for November 2015).



## Next Steps

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1. That the following Mayor's Housing Affordability Task Force recommendations form part of a comprehensive **Municipal Housing Strategy**:
  - a. Review the Victoria Housing Fund Reserve guidelines, consider allocations and establish new criteria to encourage family-oriented units;
  - b. Update the *Zoning Regulation Bylaw* to facilitate additional housing capacity and types following local area planning within each neighbourhood;
  - c. Remove the minimum unit size requirements for multi-unit residential zones within the Zoning Regulation Bylaw concurrent with the update to *Schedule "C" – Off-Street Parking Regulations*;
  - d. Review *Schedule "G" – House Conversion Regulations* to determine what amendments would best accommodate additional conversion opportunities that are consistent with the OCP;
  - e. Reduce parking requirements and consider parking innovations that support affordable housing projects as part of the planned *Schedule "C" – Off-Street Parking Regulations* update;
  - f. Reconsider policies and guidelines for potential conversion of motel properties in the Burnside neighbourhood as part of the local area planning process (phase II public engagement);



## Next Steps (continued)

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1. That the following Mayor's Housing Affordability Task Force recommendations form part of a comprehensive **Municipal Housing Strategy**:
  - g. Update the *Property Maintenance Bylaw* to improve tenant housing quality;
  - h. Consider additional delegation authority initiatives for development applications in future years following monitoring and evaluation of the delegation options currently under consideration by Council;
  - i. Investigate opportunities for the City to support the development of affordable ownership programs; and
  - j. Examine whether the Strategic Real Estate function for the City could support goals related to revenue generation of other municipal objectives through strategic use of the City's land base including considerations for staffing and land inventory.
2. That staff bring forward a draft **Municipal Housing Strategy** outline that includes the items listed above, with associated timelines for completion.



## Next Steps (continued)

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3. That Council **explore options and implications** at the workshop, with further direction to staff on the following Task Force recommendations:
  - a. Consider different ways of achieving "inclusionary zoning" objectives and its impact on community amenity contributions;
  - b. Consider options and financial implications of:
    - reducing fees
    - waiving development cost charges (DCCs)
    - permissive tax exemptions
    - requiring housing agreements
    - providing other incentives for affordable housing
  - c. Consider whether amendments to the *Zoning Regulation Bylaw* to permit garden suites in single-family zones and relaxing secondary suite eligibility regulations should be:
    - dealt with immediately and on a City-wide level, or
    - whether these considerations should form part of local area planning with each neighbourhood, with zoning amendments to follow.

