



Victoria Housing Strategy

2016-2025



Informing the Strategy

Mayor's Housing Affordability Task Force

On April 16, 2015, Victoria City Council approved its Strategic Plan for 2015-2018. Included within that plan were a number of actions aimed at addressing the issue of housing affordability. Chief among those actions was the creation of a Task Force on Housing Affordability. The Task Force was mandated by Council to identify solutions that could help increase the supply of new units of low-cost housing. In an effort to limit the scope of this to areas of most practical municipal impact, the Task Force focused primarily on the development of housing that meets the affordability needs of households that fall within Statistics Canada's middle two income quartiles (household incomes ranging from \$18,147 to \$57,772 per annum) and examined potential solutions that could achieve greater affordability in both non-market and market housing developments.

Working together across different sectors and perspectives, in two months the Task Force created a suite of recommendations. The recommendations were analyzed, considered by Council at two workshops in October 2015, and inform many of the actions contained in this Strategy.

Background Studies and Data

In 2014, the City commissioned a study to support Official Community Plan, 2012 (OCP) implementation regarding aging in place. CitySpaces was retained to prepare an aging in place assessment and recommended strategies to assist the City in its future housing-related policy work. The Victoria Housing Strategy was informed by the final document, *Housing & Supports for an Aging Population: Recommended Strategies & Actions, April 2015*.

In addition, this Strategy was informed by data sources including the Canada Mortgage and Housing Corporation (CMHC) Rental Market Survey October 2015, the Capital Region Housing Data Book and Gap Analysis, 2011 Census and National Household Survey, Urban Futures and CitySpaces Rental Housing Supply & Demand Report 2013, Greater Victoria Coalition to End Homelessness 2014/2015 Report on Housing & Supports, Victoria Real Estate Board Multiple Listing Service, and City of Victoria Development Statistics.

The Victoria Context

Victoria median household income is the lowest in the region, while average rents by bedroom type and housing purchase prices are among the highest in the region. High housing costs, both for rental and ownership, make housing affordability a challenge for people of different income levels. In recent years, little purpose-built rental housing has been constructed, vacancy rates have been low, and much of the existing supply of rental housing is approaching the end of its lifecycle. It is estimated that more than 1,500 people are homeless in the region.

As a built-out city with little remaining undeveloped land, and with commitments to accommodate a share of the region's population growth, the outward expansion of Victoria's housing stock is limited, making it necessary to create more compact built environments and a range of housing options that are affordable for current and future residents.

Forecasts

The City of Victoria's Official Community Plan, 2012 forecasts that Victoria needs an additional 13,500 apartment units and an additional 2,700 ground-oriented units to accommodate an increase in population to roughly 100,000 in 2041. Population growth is anticipated to be concentrated in older age groups as the proportion of Victorians over the age of 65 is expected to increase from 17% to 29% of the total population. At the same time, the proportion of children and young adults is anticipated to decline.

Challenges

Homelessness (continued)

The management and support for homelessness and sheltering services is not a primary service of the City of Victoria, therefore, this Strategy does not deal directly with housing aimed at those currently experiencing homelessness. However, Victoria does play an important role in supporting the development of local solutions and programs, and in managing the public impacts of homelessness. In its role as land use regulator, the City can focus on longer-term affordable housing facilitation along the rest of the housing spectrum to provide opportunities that help people achieve and maintain access to housing.

The City can also support and lead vital partnerships with other municipalities through the Capital Region District and with other levels of government to facilitate housing options for those currently in shelters and on the streets.

Challenges

Rental Housing (continued)

An important component of the secondary market is accessory suites, both in the form of garden suites (separate structures on the same lot as single family dwellings) and secondary suites (self-contained units within existing single-family dwellings). There are numerous advantages to secondary units. They distribute less expensive housing throughout neighbourhoods through modest increases in density (“invisible density”) that has low visual impact on the character of neighbourhoods if infilled sensitively. Secondary units are an attractive option for homeowners and renters at various life stages. Secondary suites in particular assist homeowners entering the housing market as they serve as mortgage helpers. Both secondary suites and garden suites serve an aging population by allowing on-site caregiver rental opportunities or allowing older adults an opportunity to move closer to their relatives.

Garden suites are not currently allowed in the Zoning Regulation Bylaw. The City allows them in policy if certain criteria are met, but landowners must go through a rezoning process to establish them. Garden suites prove suitable on street block configurations that include laneways to permit secondary access and provide separation between neighbours. Victoria, in its compact form, has few laneway opportunities. A garden suites policy with a list of criteria to determine appropriate sites was created to ensure low impacts on neighbours. Despite this, the City has received very little take-up in garden suite development. Secondary suites, on the other hand, are currently permitted in zoning, but with limitations on the amount of change that can be made to a single-family dwelling to accommodate them. Exterior changes cannot be made 5 years before or anytime after the date a secondary suite is installed in a building, and the size of addition permitted cannot exceed 20 m² in addition to other limitations. All of these factors may be barriers to the establishment of secondary rental units throughout the city.

An aging population, in combination with population growth will account for much of the growth in rental housing demand in the region. The impact of demographic change would be a small decline in the share of dwellings in the City that are rented in 2041. This is based on a projected increase in demand by 26% in rental units or 7,400 net additional rental units. As rental demand among seniors is projected to grow significantly over this period, given their lower incomes, core housing need is anticipated to increase at a rate higher than overall demand.

Challenges

Ownership (continued)

The City can take steps to help introduce the concept of affordable home ownership in Victoria and further explore the feasibility of affordable home ownership programs, for example, through loan assistance or shared equity models. Exploring this through workshops with City staff, housing providers, developers and builders was recommended by the Mayor's Task Force on Housing Affordability. Future pilot projects could also be considered.

There are other ways the City, in its role as regulator, can influence affordable ownership through policy decisions and regulations that affect housing diversity. The *Zoning Regulation Bylaw* has requirements that contribute to construction costs and unit sizes, contributing to affordability. Currently, there are no minimum residential unit sizes Downtown, so very small "micro" units can currently be developed that are sold at lower price points. However, the City has minimum residential unit size regulations for areas outside of Downtown. In addition, off-street parking requirements, including the amount of parking and associated underground structures also contribute to costs. Finally, other accessory uses like secondary suites and garden suites (particularly those that can be incorporated into existing accessory structures) can serve as "mortgage helpers".

Target Unit Creation

With the Official Community Plan’s 30-year horizon in mind, the Victoria Housing Strategy focuses on the next 10 years, estimating target market and affordable rental units by 2026. These targets are meant to be a high level indication of affordable housing demand and are based on the projected future number of households in target income ranges. The targets are meant to ensure adequate supply, to avoid putting downward pressure on housing supply.

Estimated # of new **family** units required by 2026

100
market rental units for families

450
affordable rental units for families



Estimated # of families in target income range added by 2026	Income Bracket (Census)	Estimated # of households in target income range added by 2026
114	\$50,000-\$59,999	608
147	\$40,000-\$49,999	783
174	\$30,000-\$39,999	926
156	\$20,000-\$29,999	832



Estimated # of new units required by 2026

2300
market rental units

800
affordable rental units

“Family household” means:

- Married couples with children at home
- Common-law couples with children at home
- Lone-parent households with children at home

CMHC average rental prices:

- \$749/month for bachelor
- \$879/month for 1-bedroom
- \$1157/month for 2-bedroom
- \$1451/month for 3-bedroom

Strategic Direction 1: Increase Supply

Action: Consider new zoning approaches to encourage affordable housing projects

Supporting Actions	Priority	Timeline
1. Reduce parking requirements and consider parking innovations that support affordable housing projects.	✓	Year 1: In progress, as part of Schedule 'C' update. New parking requirements for consideration in October 2016
2. Remove minimum unit size regulations in multi-unit residential zones.	✓	Year 1: Commence in 2016 following outcomes of Schedule 'C' update
3. Permit garden suites in zoning.	✓	Year 1: Commence in Q3 of 2016
4. Examine ways to increase the number of secondary suites while maintaining livability, safety and affordability.	✓	Year 1: Commence in Q3 of 2016
5. Update zoning following local area planning processes to encourage a variety of housing forms consistent with the OCP, including: <ul style="list-style-type: none"> • additional house conversion opportunities • a variety of low-density housing forms including fee simple row housing, co-housing, courtyard housing, etc. • lock-off suites. 		Years 1-3 (2016-2019) to coincide with accelerated local area planning schedule Year 1: new Downtown Zoning Bylaw is underway

Strategic Direction 1: Increase Supply

Action: Streamline development application processes to support affordable housing projects

Supporting Actions	Priority	Timeline
1. Continue the practice of prioritizing non-market housing applications.	✓	Ongoing
2. Expand application prioritizing to private sector projects that meet minimum thresholds for target housing types.		Year 1: Determine thresholds in 2016
3. Consider additional delegation authority initiatives for development applications in future years following monitoring and evaluation of the current level of delegated authority.		Year 2: Commence in April 2017 following 1 year evaluation of current delegated authority

Strategic Direction 2: Encourage Diversity

Action: Consider new policies and initiatives to encourage housing diversity

Supporting Actions	Priority	Timeline
1. Create an inclusionary housing density bonus policy within the Downtown Core Area to seek on-site non-market housing as part of amenity contributions for projects above a certain threshold.	✓	Year 1: Policy approach approved-in-principle by Council in April 2016 Public and stakeholder engagement in May-June 2016 Final policy considered for approval in Q3 2016
2. Establish clear targets for affordable housing types, tenures and incomes to inform negotiations as a supplement to the inclusionary housing density bonus policy (noted in action 1, above).	✓	Year 1: Commence in Q4 2016
3. Consider voluntary guidelines to encourage adaptable housing so accessibility features can be added more easily and inexpensively post-construction.		Year 3: 2018-2019

Strategic Direction 3: Build Awareness

Action: Build awareness and support for affordable housing through communication, education and advocacy

Supporting Actions	Priority	Timeline
1. Update the housing webpage on the City of Victoria's website to make policies and practices readily accessible and widely understood.	✓	Year 1: 2016-2017
2. Host workshops with external partners and stakeholders to investigate opportunities including but not limited to: <ul style="list-style-type: none"> a. Affordable home ownership programs b. Protecting and regenerating existing affordable rental housing stock. c. Non-profit housing development by faith communities 		Year 1: Host in Q3-Q4 of 2016 Year 2: 2017-2018 Year 3: 2017-2018
3. Use the City's annual Development Summit for ongoing dialogue with the development industry and housing providers to support the provision of affordable housing.		Ongoing annual event
4. Continue to support a Regional Housing First Strategy.		Ongoing

Determining Priorities

Strategic Direction 2:

Priorities:

- Create an inclusionary housing density bonus policy within the Downtown Core Area to seek on-site non-market housing as part of amenity contributions for projects above a certain threshold.
- Establish clear targets for affordable housing types, tenures and incomes to inform negotiations as a supplement to the inclusionary housing density bonus policy.
- Create an inventory of existing affordable rental stock.
- Consider regulations, policies and incentives to protect and support regeneration of existing affordable rental stock.
- Review and update the Property Maintenance Bylaw to improve tenant housing quality.
- Examine legislative authority for a municipal role in maintaining rental tenant stability.

Rationale:

Inclusionary housing considerations are underway through the City's density bonus policy work that is progressing in 2016. Completing this work will allow the City to immediately commence negotiations for affordable housing considerations as part of rezoning applications for increases in density. To further support the rezoning negotiations, be transparent about the City's housing objectives, and to provide applicants with guidance, establishing clear targets for the inclusionary housing units is seen as a priority.

To inform preparation of a rental retention and revitalization strategy to protect and improve the quality of rental stock, the first step is to prepare an inventory in order to understand the amount and state of the existing housing stock. This is recommended as a priority given the City does not currently keep an inventory of this, with work on the rental retention and revitalization strategy to immediately follow.

Measuring Progress

Monitoring and Evaluation

On an annual basis, progress towards achieving the targets outlined within the Victoria Housing Strategy will be reported to Council to track the following:

- ✓ Yearly progress towards 10-year rental targets
- ✓ Yearly progress towards 10-year ownership targets

This annual reporting will be compiled in the Annual Housing Report, which provides an annual snapshot of the state of the housing market in Victoria. The Annual Housing Report is supplementary to the OCP Annual Review – which tracks overall progress towards achieving the OCP across a wide range of indicators – and it provides greater detail in terms of rental and market housing statistics.

The City is also improving how it collects data through a Development Monitoring initiative to support and improve the availability and quality of data related to development industry, to support both the OCP Annual Review and the Annual Housing Report.