

# Inclusionary Housing and Density Bonus Policy



## Purpose

- Seek direction on a new inclusionary housing approach to meet Council's objectives in achieving affordable housing units in projects
- Determine community amenity priorities given the limitations with density bonus opportunities in Victoria under current policy and regulatory frameworks
- Determine specific consultant services needed to support this work and ensure strategies are feasible



## Background

### Strategic Plan, 2015-2018

- Action: Establish a predictable flat fee per square metre for bonus density

### Victoria Housing Strategy, 2016-2025

- Action: 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

### City of Victoria Density Bonus Policy, 2016

- Developed in response to the above actions



Strategic Direction: Inclusionary Housing and Density Bonus Policy

## Density Bonus Policy, 2016

- Identifies areas for bonus density opportunities
- Sets amenity contribution targets, including fixed-rate targets and threshold for a negotiated approach
- Identifies base and maximum densities consistent with the OCP
- Identifies projects exempted from amenity contribution requests such as purpose-built rental and non-market housing



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## Outcomes of Current Policy

- Community benefits:
  - ✓ Cash contributions
  - ✓ In-kind contributions
- Supports various policy areas and off-sets impacts of growth



	DCCs	Heritage Improvement	Contributions In-Kind and to Funds	Affordable Rental and Supportive Housing Units	Market Rental Units
Total	\$4,610,000	\$5,100,000	\$3,086,000	97	359



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## Limitations of Current Policy

- Major developments not subject to policy (e.g. Vivid project on Johnson and Yates Streets)
- Low or negative land value impacts
- Little to no use of fixed rate by applicants
- No proposals for 10% additional density above current OCP limits for affordable housing
- Lack of focus on affordable housing



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## Inclusionary Zoning

- Regulation that requires developments of a certain size to include affordable housing as a condition of approval
- Inclusionary zoning in many US cities require the cost of affordable units be offset by tax relief or other incentives
- May have impacts on project feasibility
- Density bonusing in BC incentivizes voluntary amenities such as affordable housing to offset development impacts
- While Council cannot require affordable housing specifically as a condition of granting a rezoning, an inclusionary approach could be embedded within the Zoning Bylaw



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## Strategic Approaches

1. Negotiated approach optimal for securing on-site affordable units in larger projects
  - Wide variation in amenity contributions in the Core Area
  - High volume of rezoning applications not expected
  - Inclusion of on-site affordable housing units will likely require negotiations, even if target is established
2. Establish affordable housing targets and levels of affordability to guide CAC negotiations
  - Levels of affordability will affect unit yield
  - Clarity for developers and staff
  - Consultant support required



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## Strategic Approaches (continued)

3. Prioritize City objectives for CACs given limits on bonus density
  - Forgo public realm improvements while affordable housing remains a priority
  - Maintain heritage revitalization as a priority given the city's heritage conservation objectives and community values
4. Consider densities higher than OCP
  - Limitations under current density framework
  - Reconsider base and max densities
  - Bonus density should not be calculated from current zoning
  - Public engagement recommended



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## Strategic Approaches (continued)

5. Consider pre-zoning areas of the City where on-site affordable housing units would be feasible
  - New zoning that provides additional density for affordable and/or purpose-built rental housing as-of-right
  - Consider areas of the city conducive to this approach
  - Application review would be limited to DPs
  - Application approval times and risk to applicants would be reduced
  - Community benefits would be limited to affordable housing
  - Defining unit targets and levels of affordability critical to ensuring project feasibility and not discouraging development



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## Recommendations

1. Consider the following strategic approaches in the development of a new Inclusionary Housing and Density Bonus Policy and direct staff to:
  - a) Establish affordable housing targets and levels of affordability to guide community amenity contribution negotiations
  - b) Prioritize City objectives for community amenity contributions given limits on bonus density
  - c) Develop a framework for consideration of higher densities above those envisioned in the Official Community Plan in support of affordable housing goals



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## Recommendations (continued)

- d) Develop a framework for the provision of bonus density in exchange for on-site affordable housing units, where feasible, within areas of the City through the zoning bylaw in a manner consistent with the Local Government Act
  - e) Retain a consultant to update the economic analysis that informed the Density Bonus Policy (2016) to inform the above considerations, and
2. Direct staff to consult with stakeholders and the Community Association Land Use Committees on a draft policy



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