



Council Member Motion

For the Committee of the Whole Meeting of July 27, 2017

To: Committee of the Whole **Date:** July 21, 2017
From: Mayor Helps, Councillors Loveday & Isitt
Subject: Inclusive Housing and Community Amenity Policy – Draft for Discussion

BACKGROUND

The City of Victoria is in the midst of an acute and ongoing housing affordability and housing availability crisis, which is negatively impacting the security, wellbeing and quality of life of residents, as well as the short-, medium- and long-term sustainability of the local economy.

New development projects are bringing new residents to Victoria imposing increased demands on existing community amenities as well as increasing market pressure on affordable housing stock. Community Amenity Contributions (CACs) are an established means of off-setting some of these negative impacts by contributing to the provision of new community amenities including affordable housing. A generally accepted method of determining appropriate level of the CACs is in relation to an increase in value created through changes in zoning and density (sometimes referred to as the "Land Lift" or "Land Value Uplift").

In the City of Victoria, the current policy for calculating land lift looks at the difference between the base density in the Official Community Plan (OCP) or current zoning in the Zoning Regulation Bylaw (whichever is higher) and the proposed density of the new project. The value of this uplift is calculated either via a Land Lift Analysis or via a flat-rate fee of \$12 per square foot in the Downtown neighbourhood and \$5 per square foot in other neighbourhoods.

A limitation of the City's current approach is that it relies in most cases on aspirational policy designations in the OCP for the "base density," rather than legal entitlements in the Zoning Regulation Bylaw, as the basis for calculating the value of new density in order to offset the impacts of development. This means not enough is apportioned to the city to offset these impacts through mechanisms such as negotiated Non-Market Units integrated into new projects or voluntary CACs payments to address the impacts of the new development on affordability or community services.

A related limitation is that the City's existing policies do not encourage a degree of affordability in new projects, except for applications on large sites where proposed density exceeds the maximum envisioned in the OCP. Despite strong provisions in the Victoria Housing Strategy (2016) and an update to the City's "Density Bonus" policy in 2016, aimed at encouraging the creation of affordable housing as recommended by the Mayor's Task Force on Housing Affordability, no projects have been subject to affordability requirements under the Density Bonus

policy since this policy was adopted. This policy allows applicants to seek density exceeding the OCP maximum by up to 10%, provided this additional density and its value are applied toward housing affordability within the project. (See Attachments 2 and 3).

Many communities across British Columbia, Canada and the United States encourage through their development and land use policies a degree of affordability in new developments and the payment of substantial voluntary CACs, resulting in millions of dollars of public benefits to offset the impacts of development each year, including much-needed housing for working people. Affordability is sometimes delivered in the form of negotiated Non-Market Units integrated into new projects, or alternately in the form of voluntary cash-in-lieu CACs to the municipality to subsidize affordable housing and pursue other public amenities. This approach to development is sometimes called "inclusionary zoning" or "income-mixed zoning." A general formula used in other communities is that 75% or 85% of the land lift is used to provide affordable housing or CACs, based on the actual net increase of buildable density and change of land use, with the remainder retained by the applicant.

Examples of substantial public benefits accruing to offset the impacts of private development can be found in many communities in British Columbia's Lower Mainland, including Burnaby, New Westminster, Surrey and Vancouver. In the District of North Vancouver, a project currently under development is leveraging a developer-provided 2,400 m² (25,000 sq. ft.) community centre that will be owned by the municipality, along with 45 affordable seniors' rental apartments, greenways, a public plaza and a European-styled 'woonerf' street, in a completely rental development. Some BC municipalities capture the Land Value Uplift through negotiation with applicants for specific projects. Elsewhere, a voluntary fixed-rate base fee or flat fee is levied based on the actual net increase in buildable density and change in land use. The City of Victoria's current policy employs a hybrid methodology, incorporating negotiation alongside a voluntary fixed-rate flat fee.

The City of Victoria's current approach to development and land use reflects priorities of an earlier era, when the City believed that strong incentives were required to encourage land owners to pursue redevelopment, build strata housing and create vibrancy Downtown. These objectives are now being realized, while the most pressing priorities impacting the quality of life of residents and sustainability of the local economy relate to housing affordability and housing availability. Escalation in the price of rental housing and home ownership, combined with a rental housing vacancy rate of 0.5%, has reached levels not seen in a generation and is putting stress on both people and businesses. This necessitates a shift in the City's policy priorities with respect to development and land use.

While the City of Victoria is lagging behind Lower Mainland municipalities in encouraging affordability as an element of new developments, the City is far ahead of the others in terms of reduced processing times for rezonings. At the beginning of this term of Council it took on average 18 months to three years to process a rezoning application. It now takes on average six to eight months. Anecdotally, most projects in many of the Lower Mainland municipalities take much longer to receive approval. Time is money in the development world; the City – through collaboration with the development community and neighbourhoods – has saved developers time and money through process improvements. This work will continue.

To rectify the imbalance in the City of Victoria's current approach to development and land use – and ensure that the public interest is served by encouraging public benefits and housing affordability to offset the impacts of new development – it is recommended that Council endorse a shift in direction in the City's approach to development and land use. The attached draft policy incorporates best practices from other BC municipalities and proposes a process for further

refinement and public input, in order to ensure that impacts of new development are offset through negotiation or voluntary contributions from applicants, with a focus on the negotiated provision of Non-Market Units integrated into new projects.

RECOMMENDATION

That Council direct staff to:

1. Replace the City of Victoria Density Bonus Policy with an Inclusive Housing and Community Amenity Policy to better support the provision of non-market housing units within developments seeking density beyond the existing legal entitlement in the Zoning Regulation Bylaw.
2. Consider best practices in local governments in British Columbia's lower mainland and other relevant jurisdictions regarding density benefits for amenities and non-market housing.
3. Consider the attached Inclusive Housing and Community Amenity Policy – Draft for Discussion and provide advice on why any of these provisions should not be included in the final policy.
4. Invite comment on the proposed changes from Community Associations, the Urban Development Institute and agencies working in the field of housing affordability.
5. Report back to Council on a priority basis with any revisions to the proposed Inclusive Housing and Community Amenity Policy for final consideration by Council.
6. Examine actions identified within the Victoria Housing Strategy Implementation and other housing-related initiatives to determination which may be expedited to complete in 2017 or early 2018.
7. Consider additional resources required to complete and expedite the above work.

Respectfully submitted,



Mayor Helps



Councillor Loveday



Councillor Isitt

List of Attachments:

- Attachment 1: Inclusive Housing and Community Amenity Policy – Draft for Discussion
- Attachment 2: Victoria Housing Strategy, 2016
- Attachment 3: Staff Report: Amenity Contribution and Inclusionary Housing for Density Bonus Projects
- Attachment 4: Sample Policies from Other Municipalities
- Attachment 5: District of North Vancouver Rental and Affordable Housing Strategy