



Council Report

For the Meeting of April 13, 2017

To: Council **Date:** April 3, 2017
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: Victoria Housing Strategy Implementation: Secondary Suites – Part 1 Regulatory Changes

RECOMMENDATIONS

1. That Council consider first and second readings of Bylaw No. 17-017
2. That Bylaw No. 17-017 be considered at a Public Hearing.

BACKGROUND

Attached for Council's consideration is a copy of proposed Bylaw No. 17-017, to add parking requirements for Secondary Suites to Schedule C – Off-Street Parking, and to delete Schedule J from the *Zoning Regulation Bylaw* in order to reduce restrictions in zoning to encourage the development of secondary suites. This change is the result of an action in the Victoria Housing Strategy to examine ways to increase the number of secondary suites while maintaining livability, safety, and affordability.


This matter came before Council on November 24, 2016 where the following resolution was approved:

"That Council direct staff to:

1. *Prepare amendments to the Zoning Regulation Bylaw to:*
 - a. *Shift the current parking regulation for secondary suites from Schedule J: Secondary Suites into Schedule C: Off-Street Parking Regulations; and*
 - b. *Delete Schedule J: Secondary Suite Regulations"*

The attached bylaw is presented for Council's consideration for first and second readings and a public hearing targeted for April 27, 2017.

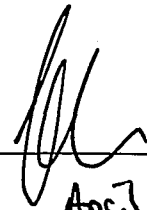
Respectfully submitted,


Lindsay Milburn
Senior Planner – Housing Policy


For
Jonathan Tinney, Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager: _____

Date: _____



Apr. 7 5, 2017

Attachments:

- Appendix 1: Bylaw No. 17-017
- Appendix 2: November 24 2016 Committee of the Whole Report – Secondary Suites – Part 1 Regulatory Changes

No. 17-017

A BYLAW OF THE CITY OF VICTORIA

The purposes of this Bylaw are to amend the Zoning Regulation Bylaw by moving the parking requirements for Secondary Suites from Schedule J – Secondary Suite Regulations to Schedule C – Off-Street Parking, and by subsequently deleting the remainder of Schedule J in its entirety to reduce restrictions in zoning to the development of secondary suites.

Under its statutory powers, including section 479 of the *Local Government Act*, the Council of the Corporation of the City of Victoria, in public meeting, enacts as follows:

Title

- 1 This Bylaw may be cited as "Zoning Regulation Bylaw, Amendment Bylaw (No.1085)".

Zoning Regulation Bylaw

- 2 Bylaw No. 80-159, the Zoning Regulation Bylaw, is amended as follows:

- (a) in Schedule C – Off-Street Parking, in section 16 under Building Class A (Residential), by adding a new number 15 immediately following number 14 and inserting the following building class and associated number of parking spaces:

| | | |
|----|------------------|--------------------------------|
| 15 | Secondary Suites | No off-street parking required |
|----|------------------|--------------------------------|

- (b) by repealing Schedule J – Secondary Suite Regulations in its entirety.

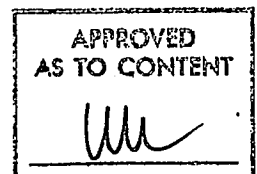
Effective Date

- 4 This Bylaw comes into force on adoption.

| | | |
|----------------------------|--------|------|
| READ A FIRST TIME the | day of | 2017 |
| READ A SECOND TIME the | day of | 2017 |
| Public hearing held on the | day of | 2017 |
| READ A THIRD TIME the | day of | 2017 |
| ADOPTED on the | day of | 2017 |

CITY CLERK

MAYOR





**Committee of the Whole Report
For the Meeting of November 24, 2016**

To: Committee of the Whole **Date:** October 28, 2016
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: Secondary Suites – Part I Regulatory Changes

RECOMMENDATION

That Council direct staff to:

1. Prepare amendments to the *Zoning Regulation Bylaw* to:
 - a. Shift the current parking regulation for secondary suites from *Schedule J: Secondary Suites* into *Schedule C: Off-Street Parking Regulations*; and
 - b. Delete *Schedule J: Secondary Suite Regulations*.
2. "Develop and implement programs and events to assist homeowners who may be interested in adding a new secondary suite – or legalizing an existing secondary suite – understand the benefits and possibilities associated with secondary suites, and the requirements that must be met to establish them;
3. Create a communications plan that includes updates to the *Secondary Suite Design Guidelines*, *Secondary Suites Made Easier*, and the website to reflect zoning changes and raise awareness for secondary suite programs and events, and promotional material for mail out and general distribution;
4. Undertake public engagement during local area planning to consider secondary suites in additional ground-oriented building forms with future zoning changes to follow.

EXECUTIVE SUMMARY

The purpose of this report is to provide information, analysis and recommendations on increasing livable, safe, and affordable secondary suites in the City of Victoria.

Secondary suites are a critical component of the rental housing market: they are a proven way of adding gentle densification to neighbourhoods, providing affordable rental options for individuals and families throughout single-family residential zones, improving affordability for homeowners by increasing their buying power at time of purchase, and offsetting mortgage costs through the course of ownership. The number of legal suites in Victoria could be increased significantly if the City made it easier for homeowners to build new suites or to bring existing suites into compliance.

Staff have identified two immediate ways in which the City could improve uptake of legal secondary suites. The first is to reduce barriers in zoning by removing *Schedule J: Secondary Suite Regulations* from the *Zoning Regulation Bylaw*, and to explore through the local area planning process, the value of allowing secondary suites within other ground-oriented residential building forms (like small lot houses, duplexes, etc.), or on properties with a garden suite. The

second is to increase awareness and assistance to homeowners by creating a communications campaign to promote these changes to the public and key stakeholders such as realtors and mortgage lenders; and to create programs and/or events geared to homeowners considering building a suite or legalizing an existing suite without fear of invoking inspections or fines. Finally, staff have also identified incentive programs as a future consideration that could 'jumpstart' secondary suite development.

PURPOSE

The purpose of this report is to seek approval from Council on a recommended approach to enact a supporting action of the *Victoria Housing Strategy, 2016-2025*, "Examine ways to increase the number of secondary suites while maintaining livability, safety and affordability."

BACKGROUND

The Victoria Housing Strategy

A key objective in Victoria's Strategic Plan 2015-2018 is to "Make Victoria More Affordable." The Mayor's Task Force on Housing Affordability was assembled to strategize how to achieve that objective, and the end result was the *Victoria Housing Strategy 2016-2025*, which was completed and approved by Council on June 16, 2016. This report provides recommendations on how to implement a supporting action of the strategy concerned with increasing the supply of safe, livable and affordable secondary suites in Victoria.

Secondary Suites

Secondary suites are private, self-contained housing units located within single-family dwellings, and provide a critical supply of affordable rental housing. They improve choice for renters by offering units that are not only often more affordable than purpose-built rental apartments, but provide the opportunity for low-to-moderate income earners to reside in residential neighbourhoods throughout the city. Suites with multiple bedrooms are particularly important in providing affordable housing to families that is close to schools, parks, transit and other amenities. Finally, secondary suites are also enormously beneficial to homeowners as a relatively cost-effective way of providing mortgage payment assistance, and if legal, can be factored into mortgage qualification criteria, improving buyers' ability to afford single-family homes in an extremely high-cost housing market.

Zoning History

The *Zoning Regulation Bylaw's Schedule J – Secondary Suite Regulations* (appended to this report in Attachment 1) regulates how and when secondary suites are permitted. The Schedule outlines minimum required floor area and floor area specifications, exterior changes, and parking.

In June 2007, in recognition of the value of secondary suites to the city, Victoria began taking steps to relax zoning requirements in order to increase their uptake following a pilot program in the Gonzales neighbourhood in 2005. The major changes implemented at that time were removing the parking stall requirement and allowing secondary suites in single-family detached dwellings of any age. An 18-month review following these changes reported a significant increase in the number of permit applications for secondary suites, from 12 permits issued in 2005 and 9 in 2006 to 25 in 2007 and 31 in 2008. However remaining regulations that were initially intended to

ease secondary suites into zoning while respecting the character of neighbourhoods, such as rules prohibiting exterior changes before and after suite installation, and minimum floor size of the main dwelling, are likely still limiting the growth of suites, may be encouraging some house demolitions, and are now in need of reconsideration considering the City's current objectives.

CURRENT SITUATION

There is extraordinary demand for rental housing in Victoria. With a vacancy rate of 0.6%, the City requires much more stock than is currently available, with an especially significant need for family units. Secondary suites have the potential to provide some of this much needed housing supply; therefore it is in the City's interest to allow as many of these rental housing units as possible. In 2015, permits for 35 secondary suites in Victoria were issued. If current restrictions were relaxed further, it is conceivable that this number could considerably increase in coming years, contributing significantly to the rental pool.

ISSUES & ANALYSIS

Schedule J – Secondary Suites

Schedule J – Secondary Suite Regulations with the *Zoning Regulation Bylaw* contains rules on what types of dwellings are eligible for secondary suites, and how and when a secondary suite can be added to a home. The regulations require that exterior changes to a building containing a secondary suite be limited to an addition of no more than 20m² of floor area, raising the building no more than 0.6m in height, and that these changes cannot be made five years before or any time after installing a secondary suite in a building. Other sections of the Schedule pertain to building code and parking. *Schedule J* played an important role during an easing-in approach to secondary suites by assuring neighbourhoods of character and density protection; however these concerns may no longer be as acute, demonstrated by Council's nearly 100% approval rate of variance applications since the Schedule has been in place. Further, it is now prudent to consider allowing this form of housing on as many properties as possible given the City's critical shortage of affordable rental housing supply.

Besides limiting the potential expansion of affordable rental stock, *Schedule J* may also be facilitating a range of unintended repercussions. One such negative effect of the Schedule is it may be hampering the creation of more livable suites. For example, basements in older homes, where secondary suites are most frequently located, were not initially designed for habitation and are often lower in height than the main living areas. A homeowner who wants to create a more livable unit by raising the house prior to building a suite is prohibited from doing so under the Schedule if the height change is more than 0.6m. Another may be an increased number of unnecessary demolitions, as a homeowner can demolish their existing single-family dwelling and rebuild a new one that contains a suite as a way to bypass restrictions on minimum floor area or exterior changes, because new homes are not subject to these same regulations. Finally, the Schedule is likely inadvertently promoting the continued development of illegal suites, as those whose homes are not eligible for secondary suites but who need the rental income and do not have the means or desire to demolish and rebuild are left with the alternative of building a suite without permits. Illegal suites present significant safety issues, increase liability for homeowners and others involved in the suite's construction, and removes the ability for governments to fairly tax construction, rental income, and improved property value.

After extensive discussion with Development Centre staff, it has been determined that the most efficient way of encouraging more secondary suites would be to remove *Schedule J* in its entirety, as even with its removal, the core elements and intent of the document can be preserved elsewhere in zoning. With regards to character, secondary suites still need to meet other zoning regulations that control overall density, size, height, and siting of the principal building envelope. Other items, specifically maximum floor area and parking, are covered off elsewhere: floor area through the BC Building Code, which will continue to govern the building standards required in the development of secondary suites, and parking through the *Zoning Regulation Bylaw Schedule C – Parking Requirements*.

Schedule C - Parking

To ensure parking regulations for secondary suites remain identified in zoning after the removal of *Schedule J*, it is proposed that these zoning amendments include an additional regulation inserted into Schedule C to ensure it is clear that off-street parking is not required for secondary suites. In addition, work is currently underway on other parking regulations contained in *Schedule C* of the *Zoning Regulation Bylaw*, and proposed amendments to this Schedule will address restrictions that require parking for single-family dwellings to be behind the front of the house. This will assist in instances where interior garages are proposed to be enclosed (or already have been) in order to accommodate secondary suites by removing the need to seek a variance to allow parking in the front yard of a property.

Housing Diversity and Neighbourhood Considerations

The Official Community Plan contains broad growth objectives that directs 50% of future growth in the urban core, 40% within and around town centres and large urban villages, and the remaining 10% spread across the city in traditional residential areas and small urban villages. In considering the city's traditional residential areas, the Mayor's Task Force on Housing Affordability recommended allowing garden suites outright in zoning, reducing the secondary suite restrictions, and allowing garden suites on properties with secondary suites. The intent of this was to remove barriers to a range of housing types as a potential solution to housing affordability, and which also supports the city's growth objectives. Building on this, the *Victoria Housing Strategy* carries forward the recommendations to permit garden suites in zoning and increase the number of secondary suites as a first step, with broader policy considerations around infill and more diversity in housing types and forms to be explored with neighbourhoods during local area planning processes.

The manner in which traditional residential neighbourhoods receive growth needs to be considered in the context of the city's multiple objectives around housing supply, affordability and diversity, neighbourhood character, heritage conservation, liveability, aging in place and others. In discussions on housing matters, Council has raised the suggestion of considering secondary suites in more intensive housing forms like duplexes, essentially resulting in lots with four units. There may be cases, such as heritage conservation areas, where the integration of suites into other types of existing ground-oriented building forms achieve other objectives related to the retention of neighbourhood character in addition to providing more affordable housing through mortgage helpers. There may be other cases where replacement development that provides four units that are more liveable than a basement suite scenario may offer a better solution to infill. For these reasons, staff recommend that infill options be explored with neighbourhoods during local area planning, as solutions may vary from area to area. Ahead of that work, Council is encouraged to articulate to staff what specific objectives Council would like to achieve by broadening allowances for suites (both secondary and garden) to assist staff with exploring this in more detail during local area planning. As the local area planning process is currently underway,

the City is in an ideal position to utilize these conversations to find the best local solutions that achieve affordability and densification goals, while at the same time respecting the particular needs and character of neighbourhoods.

Assistance and Communication

Reducing zoning barriers is the first step in achieving higher numbers of safe and affordable secondary suites in Victoria. In order to make the most impact, a concerted campaign that communicates these changes and provides support and advocacy to homeowners to assist them through the process of planning, developing, or legalizing a secondary suite is required.

For homeowners who may have considered adding a secondary suite but who were discouraged or disqualified by restrictions in *Schedule J*, through the composition of their current lot or home, or for building-savvy individuals, changing the zoning may be enough to encourage them to develop a secondary suite. However, there are many others for whom simply changing the rules will not be enough to prompt them to build a suite or bring an existing suite into compliance. This cohort is diverse and may include individuals not aware their home is eligible for a suite; those who have little or no experience in design, construction, or navigating through city processes; or those who may have a home with an existing illegal suite on whose income they rely to make mortgage payments or pay the bills. For the latter group, the risk of losing rental income may be too great to consider bringing their suite into compliance.

For these reasons, Council could consider directing staff to implement programs or events to provide a safe and welcoming environment for homeowners to ask questions about developing a suite or what would be required to bring an existing suite into compliance without risk of being flagged for inspection. Staff would provide homeowners with information about the benefits of having a legal secondary suite, such as reduced liability and increased resale value, and with the detailed steps required to create a suite in their home or to bring an existing suite into compliance. The programs/events would also assist homeowners in understanding their obligations under the BC Building Code and Residential Tenancy Act. Some homeowners may discover the process of creating or legalizing a suite is less cumbersome or costly than they had considered (particularly if the amendments proposed as part of this initiative are adopted).

Finally, staff recommend a communications plan be developed to alert the public of these developments. This plan would include a revision of the information documents available to the public - *Secondary Suite Design Guidelines* (Attachment 2), and *Secondary Suites Made Easier* (Attachment 3) to simplify and streamline instructions and remove information that is no longer relevant (such as reference to the grant program and outdated zoning rules); an update to the Secondary Suites webpage; and information promoting secondary suites included on City mail outs such as utility and property tax bills, and to groups such as realtors and mortgage brokers, who interact daily with homeowners and potential homeowners.

OPTIONS & IMPACTS

Option 1: Immediate Zoning Changes and Consideration of Infill Solutions During Local Area Planning (Recommended)

This option will remove existing regulatory barriers for adding secondary suites and will provide the opportunity to discuss other residential infill options with neighbourhoods to determine the best solutions.

Option 2: Immediate Zoning and Policy Changes (Not Recommended)

Should Council wish to implement residential infill policy changes immediately, Council could direct staff to develop policy changes to the Garden Suites policy to permit consideration for "plus site" properties to have both garden suites and secondary suites, subject to rezoning application consideration. This option would have the benefits of Option 1, and allow Council to consider allowing secondary suites and garden suites on the same property through a rezoning process. However, as staff would recommend public engagement to consider such a change, and are currently having conversations with neighbourhoods on future housing as part of accelerated local area planning, the City is well poised to evaluate these options and solutions for infill housing and accessory suites on a local area basis, and can bring forward future regulatory and policy changes that correspond with the completion of new neighbourhood plans. Therefore, Option 1 is recommended.

Next Steps

The Housing Strategy contains an action to revisit the secondary suite grant program for accessible suites that serve an aging population in 2017-2018, as well as to develop a fiscal strategy that considers relief from fees and permissive tax exemptions. As part of this work, staff will evaluate options for incentive plans for future consideration.

2015 – 2018 Strategic Plan

As a part of the Victoria Housing Strategy, this supporting action originates from the Strategic Plan 2015-2018 objective 6: "Make Victoria More Affordable".

Impacts to Financial Plan

Staff have submitted a supplementary request for \$100,000 in the 2017 budget to cover the cost of implementing action items in the Victoria Housing Strategy, including work resulting from zoning bylaw amendments and communication and engagement expenses. Any costs associated with the communications strategy recommended in this report would utilize this budget and have no further impact to the Financial Plan.

Official Community Plan Consistency Statement

This action is directly aligned with the Official Community Plan's policy directives of "Land Management and Development" and "Housing and Homelessness".

CONCLUSIONS

Reducing current restrictions in zoning would greatly increase the number of properties eligible for secondary suites, which has the potential to significantly increase the supply of affordable rental stock in Victoria, help the city in meeting its affordable housing targets, and assist in homeownership goals, which in turn would free up existing rental stock. These changes could be maximized by communicating them deliberately and effectively, and embarking on a program of assistance and amnesty for homeowners genuinely interested in developing secondary suites or bringing existing suites into safe and legal rental units to assuage concerns around life safety, liability, and fair taxation.

Respectfully submitted,

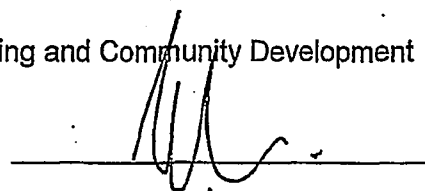


Lindsay Milburn
Senior Planner – Housing Policy
Community Planning

Alt. 

Jonathan Tinney,
Director,
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:



Date:

November 14, 2016

List of Attachments

Attachment 1: *Zoning Regulation Bylaw Schedule J – Secondary Suite Regulations*

Attachment 2: *Secondary Suite Design Guidelines*

Attachment 3: *Secondary Suites Made Easier*