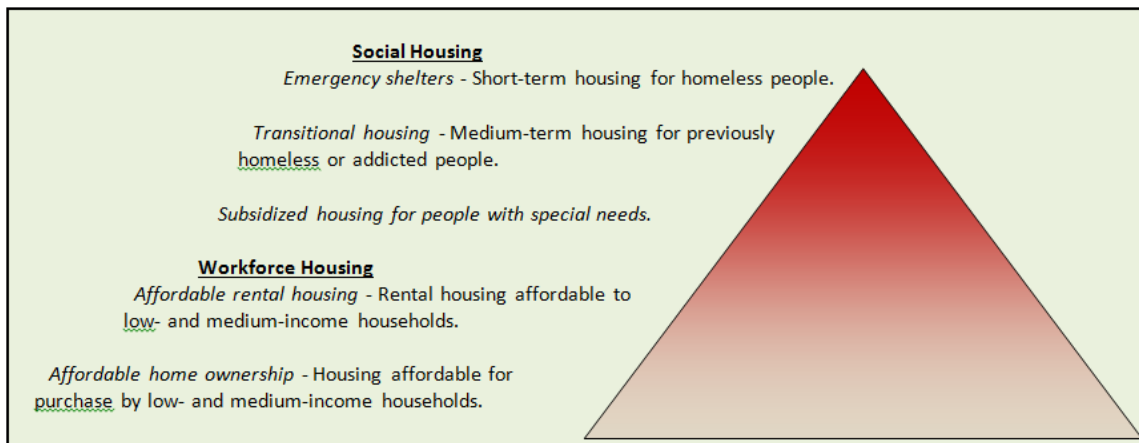


Working Document of Recommendations to Council Housing Affordability Task Force

Task Force Scope

The Housing Affordability Task Force recommends to Council solutions for affordable workforce housing and housing for low-income people at the lowest end of market, pictured in the bottom half of the pyramid below.

Affordable Housing Demands



Principles

1. Right to Housing

All people deserve access to housing that is safe, stable and affordable and that supports personal and public health. The availability of a diversity of housing types across the housing spectrum that can accommodate people of different ages, incomes, household structures, and physical and social needs is one of the fundamental elements of creating and maintaining a healthy, inclusive and more sustainable community. (City of Victoria OCP pg 94)

2. City Hall has a role to play

While the responsibility for housing has fallen traditionally within the jurisdiction of the provincial and federal governments, the City of Victoria can and should take a leadership role and use the tools within its toolbox in innovative and creative ways to immediately increase the availability of low-end of market affordable housing.

Goals and Targets

1. Increase Overall Housing Supply in City

- The City of Victoria will need to add an average of 350 to 400 units of housing per-year to accommodate the OCP projected population increase of 20,000 new residents between 2011 and 2041. Eighty per cent of that growth is anticipated in downtown and in areas within and around large urban villages and town centres. Current policies and objectives within the Downtown Core Area Plan (DCAP) and the OCP denser housing development in these areas.

- With respect to rental housing, a 2013 Urban Futures report commissioned by the City of Victoria estimated that approximately 7,500 rental housing units (market and non-market) will need to be added to the City's housing stock between 2011 and 2041. This means that, within the total number of housing units added each year, an average of 250 units will need to be rental. Although municipalities do not regulate housing tenure, some have developed incentives to promote the development of more purpose rental units.
- Using recent BC Non-Profit Housing Association research projections of affordable housing needs have been further determined. Table 1 provides a summary of the number of units required to meet future affordability needs at three different income levels. It is recommended that the work of the Mayor's Task Force on Affordable Housing focus on interventions that can help achieve Level 2 and 3 targets.

Table 1 – Affordable Rental Housing Targets

Level	Housing Type	Target Household Income	Units Needed		Rental Range
			By 2036	Annual	
1	Subsidized Rental	< \$18,146	5,600	271	<\$453
2	Low End Market Rental	\$18,147 - \$35,647	1,260	60	\$454-\$891
3	Near Market Rental	\$35,648 - \$57,771	230	11	\$892-\$1,444
4	Market Rental	> \$57,772	6,010	180	Market

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1. Increase Workforce Housing (affordable to low-wage workers)

The City currently has approximately 85,000 residents or about 34,000 households (assuming 2.5 residents per household), or about 6,800 in each of the two lowest-income quintiles, which are the household types that generally pay more for housing than is considered affordable (more than 45% of budgets devoted to housing and transport). The table below shows total current consumption by the lowest income quintiles, based on Statistics Canada's Survey of Household Spending (<http://www5.statcan.gc.ca/cansim/a47>).

	<u>Lowest</u>	<u>Second</u>
Income	\$29,864	\$41,940
Maximum housing (30%)	\$8,959	\$12,582
Maximum Housing & Transport (45%)	\$13,439	\$18,873

Assuming that the city needs to increase by 50% the supply of lower-priced housing to meet latent demands, this suggests that the city needs approximately 3,400 more housing units with total housing costs (rents or mortgages, plus property taxes and insurance, maintenance and basic utilities) that rent for less than approximate \$12,000 annually, and approximately 3,400 more units with total costs between \$12,000 and \$17,000 annually assuming that lower-income households located in accessible neighborhoods can spend as little as \$1,500 annually on transportation.

2. Generate and Allocate Additional City Revenue to Affordable Housing

- Allocate \$X per year to affordable housing trust fund for the next X years.
- Generate \$X per year in additional revenue through the sale or redevelopment of existing land.

3. Create Places where Everyone Wants to Live through Urban Planning Principles

Good urban design does not emerge from public consultation. Public input works as part of the information gathering phase followed by analysis and then leads to the synthesis into a design. Qualified and skilled designers should be made responsible and expected to produce 'good public places' with the public good in mind. This is to be expected and not an add-on. Too much effort and resources are spent on repetitively soliciting public opinion and thereby abdicating a role of civic leadership to obtain the best design from the best and most expert, creative, humanistic and public-spirited designers. The City must find a way to budget for design of the public realm as a priority, to create a more livable and resilient city for all citizens.

NEED TO MAKE THIS INTO A CONCRETE METRIC

4. *Need to ensure that every action we recommend has an associated target so Council can measure it's success. The number of goals and targets should match the number of strategies so we can measure success.*

Actions

Short-Term Wins (Should be implemented within one year of receiving the HATF report)

1. Minimize and Prorate Fees for Lower-Priced Housing

Fixed costs and fees represent a larger share of total costs for smaller projects and lower-priced housing. For example, a planning requirement such as a traffic study, a design requirement such as an elevator, or a development fee of \$10,000 per unit, may significantly increase the retail price of small and inexpensive housing projects, and therefore significantly reduce total affordable infill housing development, but have little impact on the final price of expensive housing built in large projects. Governments can minimize such costs and provide discounts and exemptions for lower-priced infill housing, for example, exempting them from traffic studies, elevator requirements and development fees.

2. Expedite Development Approval and Permitting

Short Term Win #2: Expedite Development Approval and Permitting

Recommendations:

The general theme underlying these recommendations is to streamline applications proportionate to project scale (i.e. smaller projects to get through faster to encourage small-scale typologies with criteria that perform more affordably):

1. Rezoning applications for affordable housing projects could by-pass the pre-application CALUC meeting that is normally required. The City could notify the CALUC of the application so they still have an opportunity to comment during the process, but the pre-meeting would not be required. The rationale for this recommendation is due to applicants needing to expend costs to prepare detailed plans at early stages in the application process and delaying application submission dates. Thresholds could be established to determine what types or size of projects would qualify for this streamlining.

2. Council to delegate authority to staff to approve Development Permits and Heritage Alteration Permits for affordable housing projects.
3. Expedite all types of development applications and permits that meet criteria for affordable housing (currently, the City expedites non-profit affordable housing projects – this would expand the scope). Criteria could be established based on characteristics which lend themselves to more affordable forms of housing, like construction type, unit sizes below a certain threshold, no vehicle parking provided, etc.

**Gene has provided images of building forms and designs that facilitate co-existence between single-family and multi-unit buildings that could help guide the discussion on scale thresholds.*

Other Actions That Lower Costs and/or Support Expediting:

1. Action #1 Minimize and Pro-rate Fees for Lower-Priced Housing:

Recommendation (new): Waive DCC charges for affordable housing (currently DCCs are not charged on residential conversions if floor area is not increased, garden suites or secondary suites – this would expand the scope).

2. Actions #5, #8, and #10 (amendments to Zoning Regulation Bylaw) also support expediting:

Recommendations (already proposed): Reduce/eliminate parking requirements for affordable housing combined with eliminating a minimum unit size requirement, simplifying secondary suite regulations and allowing garden suites outright in zoning would all contribute to faster processing of development applications (rezoning or development variance permit applications would no longer be needed).

Recommendation (new): Consider off-site parking strategies so affordable housing developments with on-site parking deficiencies could use nearby properties with under-utilized parking capacity.

3. Density Bonus

Allow higher densities and greater heights than normal in exchange for more affordable housing units. This supports compact, affordable, infill development while preventing land value increases that would result if increased density were allowed for higher priced housing units.

4. Identify Parcels Suitable For Affordable-Accessible Development

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

5. Remove minimum unit size requirements in the Zoning Regulation Bylaw.

There is a minimize size in neighbourhoods but not downtown. Micro apartments of less than 500 square ft, also micro housing tie in

6. Undertake an analysis of motels

There are 850 – 1000 units that could be quickly converted to housing.

7. Unbundle Parking

Parking unbundling means that parking spaces are rented separately from building spaces, so for example, rather than paying \$1,000 a month for an apartment with two “free” parking spaces, residents pay \$800 per month for an apartment plus \$100 for each parking space they want to use, so renters are not forced to pay for parking they do

not need. This is particularly appropriate for affordable-accessible housing since lower-income occupants tend to own fewer than average vehicles. This reduces development costs and encourages households to reduce their vehicle ownership, which can help reduce traffic problems.

8. Reduced and More Accurate Parking Requirements

Reduce minimum parking requirements and adjust them in response to demographic, geographic and management factors, such as those described in Table 4. This can significantly reduce the costs of infill housing development, and many of these strategies encourage households to reduce their vehicle ownership and use, which reduces traffic problems.

9. Amend the conversion bylaw

Proposed Amendment 1

Proposal

Change the "**Schedule A – DEFINITIONS**" to include modern day housing options in existing zones and encourage the development of rental housing on single-family lots. There is an opportunity to create this using the existing conversion bylaw but with very non-desirable units. These changes create the opportunity to retain existing house stock as well neighborhood character.

Current Zoning affected would be all residential zoning.

Below are the current definitions for three opportunities to build non-desirable rental housing; "**Boarding House**" (need to provide food) "**Housekeeping Apartment Building**" (need not to have a bathroom) and a "**Roomer**" (can't have cooking facilities). All of these make it restrictive and limit the opportunities to develop, as well they have a negative stigma. I propose we adapt or create a new definition for "**Rental Unit**" and "**Rental Apartment Building**" and allow this in the conversion bylaw.

Current Schedule A – DEFINITIONS

"**Boarder**" means a person who lives in a boarding house or with a family and who pays for board and lodging.

"**Boarding House**" means a dwelling in which rooms are rented and meals are provided to more than four but not more than fifteen persons other than members of the family of the occupier, but does not include a dwelling in which meals are prepared within rented rooms or a community care facility within the meaning of the *Community Care and Assisted Living Act*.

"**Housekeeping Apartment Building**" means a building composed of two or more housekeeping units.

"**Housekeeping Unit**" means a room or rooms used or intended to be used for normal living purposes including cooking, eating and sleeping but without separate bathroom or toilet facilities.

"**Roomer**" means a person who resides in any portion of a building who pays for accommodation without board or the use of on-site cooking facilities.

"Rooming House" means a building in which rooms are rented to more than 4 but not more than 15 roomers, and does not include a community care facility within the meaning of the *Community Care Facilities Licensing Act*.

"House Conversion" means the change of use of a building constructed as a single family dwelling or duplex, to create a duplex, multiple dwelling, boarding house, rooming house, housekeeping apartment building, rest home – class "B" or a kindergarten.

It appears, after some review that the most obvious change could be **"Housekeeping Apartment Building"**.

New Proposed Schedule A – DEFINITIONS

"Rental Apartment Building" means a building composed of two or more Rental units.

"Rental Unit" means a room or rooms used or intended to be used for normal living purposes including cooking, eating and sleeping with separate bathroom or toilet facilities.

Conclusion

Not only will this expand the opportunity to provide rental opportunities in already zoned residential property, I also believe this will provide an opportunity to add these new definitions to commercial zonings such as motels and upper floors of buildings in the downtown core. The re-wording of the Definitions will offer new flexibility on financing as most lending institutions guidelines do not allow favorable lending on **Boarding, Rooming or Housekeeping apartments**. The changes will empower the Small to Medium private sector developer's to build rental housing now.

Proposed Amendment 2

Proposal

Conversion bylaw amendments will allow additional opportunity for more properties to qualify for conversions. The 18m wide and 670 square meter sites are limited. The background of the conversion bylaw in my interpretation was to create affordable housing and retain older housing stock. Today, in order to accomidate the lack of availability of lot sizes in the dated bylaw the changes will give people the opportunity to create housing and retain older housing stock.

Currently any properties that meet the size requirement under the current zoning on the market for sale start at 1.4m.

Current SCHEDULE G - HOUSE CONVERSION REGULATIONS

"If the building was constructed as a single family dwelling prior to 1931 and has an existing lot area of 670m² and a width of not less than 18m, except when located in the R1-A Zone which requires an existing lot area of 740m² and a width of not less than 24m."

Proposed amendments SCHEDULE G - HOUSE CONVERSION REGULATIONS

"If the building was constructed as a single family dwelling prior to 1931 and has an existing lot area of 500m² and a width of not less than 15m, except when located in the R1-A Zone which requires an existing lot area of 670m² and a width of not less than 18m."

Change #1

Lot Size 500m² = 5382 square feet

Lot Width 15m = 50 feet wide

Change #2

R1-A Rockland zoning

Lot Size 670m² = 7212 square feet

Lot Width 16m = 60 feet wide

Below are five addresses that are currently on the market below 550K that would fit this proposed amended criteria:

1427 Edgeware Rd
2019 Chambers St
2760 Roseberry Ave
934 Queens Ave

Conclusion

Amendment 1 will offer the opportunity to convert 5 homes that are on the market today compared to 0 under the current lot size and width restriction.

Amendment 2

This change currently doesn't offer a lot of opportunities but seems reasonable.

These amendments coupled with other minor amendment to the zoning bylaw could instigate new housing trends.

Proposed Amendment 3**Proposal**

To amend the Motel conversion bylaws to better affect all potential motel conversions. Current zones to be amended and or consolidated to make one zone.

PART 3.89 – R 68 ZONE, ROCK BAY MOTEL CONVERSION DISTRICT**“PART 3.92 – R-70 ZONE, GORGE ROAD MOTEL CONVERSION DISTRICT****Background**

These have been site-specific rezones and only apply to the sites that were rezoned.

Conclusion

There should be a general conversion bylaw to offer this opportunity to all motels without rezoning. It will be important to have design guidelines, as well as, advisory design approval to make sure these buildings are developed to a standard that works for the City and surrounding properties on the long term.

10. Amend the Zoning Regulation Bylaw so rezoning is not required for garden suites.

Medium-Term Wins (Should be implemented within two years of receiving HATF report)

1. Affordable Housing Mandates (Inclusionary Zoning)

Affordable housing mandates (also called *Inclusionary zoning*) require that a portion of new housing units (typically 10-20%) be sold or rented below market prices, or developers contribute to an affordable housing fund. This helps create affordable housing as communities grow, and if required of all developers, these costs are partly capitalized into land values, minimizing the burden on individual developers or governments.

Definition

The process whereby a municipality, by ordinance, sets forth a minimum percentage of units to be provided in a specific residential development as affordable to households at particular income levels.

Goals

- Create mixed-income neighbourhoods, where residents of diverse socio-economic backgrounds can meet, interact and potentially gain culturally and economically from that interaction; and
- Produce affordable housing units through private development projects.
- Features of Inclusionary Zoning
- Sub-areas within a given region should meet their fair share of low and moderate housing needs.
- Proportion of units to be included is identified – current practice of 10% to 25% depending on market.
- The developer is generally afforded some form of compensation due to lost profitability (e.g., increased density, reduced municipal costs, and relaxation of regulations).
- Affordability controls are generally secured through a legal housing agreement or covenant.
- Development controls attached to the affordable portion of the development ensures that low-income housing is not low-quality housing.
- Developers can accrue development credits when they build more affordable units than required and then redeem them in future developments that are on the higher end of the market spectrum.
- Developers can sometimes be offered alternatives to building a specific portion of the development as affordable (e.g., make contribution to an affordable housing fund).

Recommended Principles for Program

- Target IH units to those most in need while assuring that new development is still financially feasible.
- Incorporate affordability standards into the program that are consistent with CRL standards.
- Consider depth of income targeting and percentage of IH units together, because there is an inherent financial trade-off between them

- Record long term affordability covenants on IH units in order to benefit as many households as possible and meet agency's production obligation (e.g. 45 years for sale; 55 years for rental).
- Confirm that the restricted sales prices and rents of IH units are sufficiently below those of market rate units to generate demand. Consider allowing a phase-in period for the IH requirement.
- Consider allowing alternative ways for the development community to meet the IH requirement if these alternatives are economically equivalent to the on-site requirement (e.g., contribution to the Victoria Housing Fund Reserve).
- Consider exempting small developments from the on-site requirement or allow them to pay a fee in-lieu of providing the units on-site.

Local Examples of Inclusionary Zoning

The following municipalities have adopted an inclusionary policy or program:

- Langford: All new rezoning applications for fifteen or more new single-family residential lots will provide either one affordable housing unit or a cash contribution to the City's Affordable Housing Reserve Fund.
- Richmond: In exchange for increased density proposed as part of a rezoning application, multi-family or mixed-used developments containing more than 80 residential units must build at least five per cent of total residential building area as LEMR units, with a minimum 4 units, secured in perpetuity with a Housing Agreement registered on title.
- Burnaby: Through its "Community Benefit Policy", during a rezoning additional density may be permitted for the provision of affordable housing units within the project.
- Vancouver: The City currently, as part of its rezoning process, provides additional density to developers willing to include up to 20% of base density as affordable units. The final percentage to be built as affordable is negotiated on a project by project basis. To date, projects have achieved between 11% and 17% as affordable housing.

Victoria Context

The City has used inclusionary approaches in the past but has not created a specific policy in this regard. In 2012, City Council approved the Downtown Core Area Plan that includes a density bonus program. In exchange for additional density during a rezoning application, developers are required to make cash contributions equal to 75% of the lift in land value to the Downtown Core Area Public Realm Improvement Fund and the Downtown Heritage Buildings Seismic Upgrade Fund. Currently, a density bonus program for areas outside the downtown is being explored and recommendations to Council are expected in the near future.

Potential Recommendations

- That City staff be directed to explore the potential for the inclusion of affordable housing development as a part of the Downtown Core Area Plan Density Program and return to Council with recommendations.

- That the current explorations into a density bonus program for areas outside the downtown include an examination of the potential to include the development of affordable housing as an amenity to be considered for increased density within the program. That staff provide recommendations in future reports to Council.
- 2. Provide Free or Inexpensive Land for Affordable Housing**
Consider donating or selling at a discount appropriate parcels to affordable housing development, particularly for social housing to accommodate people with special needs. Selling of public property should be a last resort. The City should be a 'land- partner' for housing development by long-term lease or perhaps by trading land area in one location for that in another that is more suitable for an intended public amenity like a park.
 - 3. Time-Limited Rezoning**
Allow higher densities on specific parcels with specific time limits, such as 18 months. If the project is not completed within the time limit the density limit returns to its original level. This should encourage faster development and discourage land speculation.
 - 4. Create incentives**
(Economic Revitalization Tax Exemption) to convert underused or un-used units on second and third storeys of buildings with the potential to create hundreds of housing units, especially downtown.
 - 5. Create a real estate arm**
City to buy derelict and other properties, upzons them (City assumes the risk) and sell them to developers with affordable housing (10%) as part of the condition of sale.

Long-Term Wins (Should be implemented within three years of receiving HAFT report)

1. Maintain existing rental housing stock.

Recommendations for Maintaining Existing Rental Housing Stock

Preamble: The challenges for maintaining existing rental housing stock are twofold. Small margins and inflationary costs place pressures on landlords that disincentive long-term investment. Low-income tenants often face poor housing conditions with little to no recourse and lack security of tenure when renovations occur ("reno-victions"). The recommendations of the Task Force are based on a common vision of an inclusive, quality of life-focused approach to housing in which the bad operators are held accountable and landlords who are contributing to long-term affordable housing stock in the City are rewarded.

Recommendation #1: Designate a "City Housing Officer" or similar role.

- The Housing Officer would be a single point of contact/lead city staffperson for landlords and tenants on issues of housing quality within the city's jurisdiction.
- The City should make all efforts to promote the role/services of the Officer so that the public is aware of this service.

Recommendation #2: Direct staff to investigate appropriate incentives for landlords that maintain affordable rental housing.

- A Revitalization Tax Credit that would incentivize landlords by allowing partial write-off of major capital investments that extend the life of affordable units and improve quality of life for tenants. Tax credits should be tied to Affordable Housing Agreements; allow

- current renters to continue their tenancy during/post-renovations; and should not be used to subsidize the cost of meeting basic standards of repair.
- Where possible and appropriate, application of preferential service and charges for licensing/fees/etc for non-market and market affordable housing providers

Recommendation #3: Direct staff to revise the city's Maintenance Bylaw and dedicate resources towards bylaw enforcement that protects quality of life and resident safety through mechanisms within the City's jurisdiction - i.e. bylaws, code and other mechanisms.

- Add conditions of tenant/resident quality of life (mold, pests, etc) to the City's Property Maintenance Bylaw.
- Coordinated by the City Housing Officer, bylaw enforcement resources would be re-prioritized towards addressing quality of life and safety issues.

Recommendation #4: Direct staff to develop policies and procedures for establishing Affordable Housing Agreements that:

- Provides a consistent, transparent process
- Guarantees/protects long-term affordability and security of tenure
- Support other housing affordability measures such as inclusionary zoning, revitalization tax credits, etc.

2. Investigate Affordable Housing Maintenance and Rehabilitation Programs

Investigate the number of affordable housing and rental units that require maintenance and rehabilitation; *identify policies and programs that are effective at reducing this problem, and evaluate the benefits and costs of such strategies (this is what the task force is supposed to do!)*. These may include improved building code enforcement, property owner education, targeted grants and loans, partnerships with other government and non-profit organizations, and revitalization tax exemptions.

- 3. Investigate ways to help lower-income households purchase homes,** including targeted low down-payment and interest loans, inclusionary zoning, partnerships with businesses to help their employees purchase homes, and promotion of "location-efficient mortgages" which recognize that households can afford to borrow more than lenders generally allow to purchase houses in an accessible, multi-modal neighborhood, such as in Victoria, due to their transportation cost savings.

Recommendations for Increasing Affordable Homeownership

Preamble: According to the 2015 Demographia International Housing Affordability Survey, Victoria is the second least affordable housing market in Canada, based on a ratio of median income to median home value. While homeownership is not appropriate for all, for some working families, affordable homeownership can offer a long-term path of equity building towards middle-class security. Beyond macro policy shifts such as enabling greater density, there are specific policies the city can enact to make affordable homeownership more attainable.

Recommendation #1: Direct staff to investigate the feasibility of developing a shared-equity affordable homeownership program that would help subsidize down payments for lower-income working families in exchange for long-term shared equity and/or resale price restrictions.

- Invite leadership from Attainable Homes Calgary and/or Toronto Options for Homes to visit Victoria and present on the successes of their programs.
- Convene key potential partners (developers, financial institutions, non-profit housing providers, the CRD and other local governments) to discuss launching a Victoria or Regional vehicle.

Recommendation #2: Direct staff to revise the zoning and conversion bylaws to accommodate a wider range of affordable homeownership models, in particular: fee-simple row housing, co-housing and, where appropriate, strata conversion and subdivision of oversized lots for infill housing.

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- 4. Upzone certain geographic areas to meet the needs of rental unit demand**
Be mindful of 'distributed density' (*needs more clarity*)

Appendix A – Useful Resources

Year 3 Action Item 1 – Maintain Existing Rental Housing Stock

Useful Resources (place in appendix):

Examples of enhanced Maintenance Bylaws

- District of Saanich's Property Maintenance Bylaw
<http://www.saanich.ca/living/pdf/minimumproperty4050.pdf>
- City of Vancouver's Standards of Maintenance Bylaw
(<http://former.vancouver.ca/bylaws/5462c.PDF>).

Metro Vancouver: "Measures to Promote the Preservation and Renewal of Existing Rental Housing and Development of New Rental Housing."

<http://www.metrovancouver.org/services/regional-planning/PlanningPublications/MeasurestoPromotethePreservationandRenewalofExistingRentalandDevofNewRental.pdf>