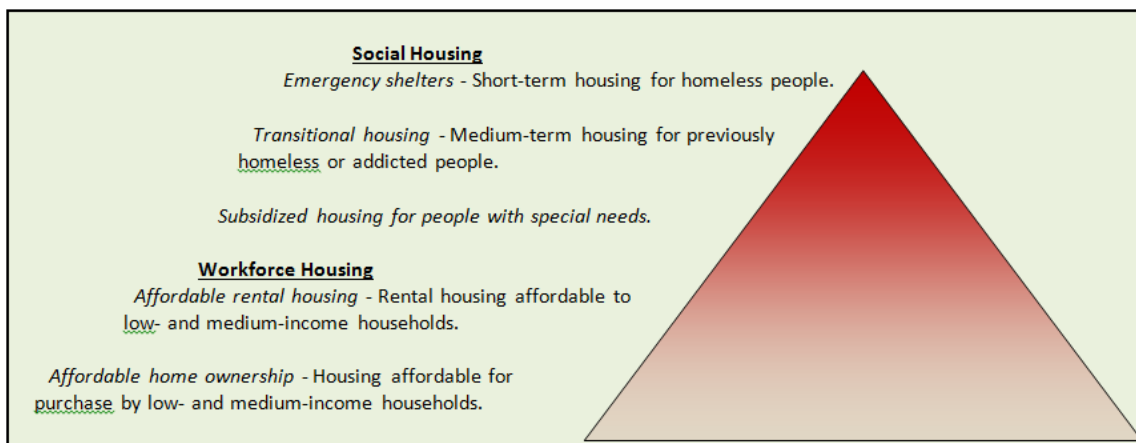


## **Working Document of Recommendations to Council Housing Affordability Task Force**

### **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 through Addition of New Units and Retention of Existing Units**

- The City of Victoria needs to add between 350 and 400 units of housing, ownership or rental, on average per-year to accommodate the OCP projected population increase of 20,000 new residents between 2011 and 2041.
- An Urban Futures report commissioned by the City of Victoria and completed in 2013 estimates 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.

- With respect to the need for affordable rental units within the Capital Region, recent BC Non-Profit Housing Association research projections estimate that, by the year 2036, there will be between 2,745 and 3,839 additional renter households in core housing need in the Capital Region. In order to address this need, between 110 and 154 units of affordable rental housing will need to be added on an annual basis.
- In 2011, 48% of all rental households in the region were in the City of Victoria. Should this trend be maintained between now and 2036, it is reasonable to expect that between 53 and 74 units of affordable rental housing will need to be created within the City over this time period. This number may be higher if incomes within the City continue to be substantially lower than those within the Capital Region.
- 1000 units are needed to fill the gap immediately (source unknown).
- *Refurbish X number of rental units*

## 2. **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>).

	<b><u>Lowest</u></b>	<b><u>Second</u></b>
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.

## 3. **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.

## 4. **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*

5. *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**

Expedite the development approval and permitting process for lower-priced housing in order to reduce their costs and make such projects more attractive to developers. This can include, for example, eliminating traffic and parking impact studies (justified because affordable-accessible development tends to generate far less traffic and parking than standard models predict), and shorter planning review and permitting periods for developments that meet affordable-accessible housing guidelines. Give staff more authority to make decisions.

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.

6. **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

**7. Undertake an analysis of motels**

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

**8. 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.

**9. 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.

**10. 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 rewording 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 accommodate 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 670m<sup>2</sup> and a width of not less than 18m, except when located in the R1-A Zone which requires an existing lot area of 740m<sup>2</sup> 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 500m<sup>2</sup> and a width of not less than 15m, except when located in the R1-A Zone which requires an existing lot area of 670m<sup>2</sup> and a width of not less than 18m.”

#### **Change #1**

Lot Size 500m<sup>2</sup> = 5382 square feet

Lot Width 15m = 50 feet wide

#### **Change #2**

R1-A Rockland zoning

Lot Size 670m<sup>2</sup> = 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.

11. 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 cost are partly capitalized into land values, minimizing the burden on individual developers or governments. However, this approach usually satisfies only a small portion of total affordable housing demand, resulting in a large subsidy to a small number of households, and by adding a cost to new housing development tends to reduce total housing production and therefore housing affordability, particularly over the long-term.

For example, if the cheapest housing costs \$200,000 per unit to develop and regulations require that 10% be priced at \$100,000 per unit, this requires an \$11,111 ( $\$100,000/9$ ) subsidy from each of the nine non-qualifying units, which adds about \$20,000 including overhead and financing costs. This is a small increase for high-priced housing (2% for a million dollar house) but a large increase for lower-priced housing (10% for a \$200,000 condominium). Since lower-priced housing development tends to be price sensitive, this can significantly reduce the number produced. In this way, inclusionary zoning can reduce total housing affordability, particularly over the long run by reducing the number of moderate-priced houses that will become affordable in the future.

Actual responses will vary depending on market conditions; in some situations, subsidy costs may reduce land values or developer profits, but in the least affordable housing markets these costs are likely to be incorporated into prices. To avoid these negative effects, moderate-priced housing that is likely to become affordable within a decade or two can be exempt from affordable housing mandates and funding requirements. For example, if housing is considered affordable if priced under \$200,000 per unit, affordable housing mandates would only apply to housing priced over \$400,000, since \$200,000 to \$400,000 units help increase affordable housing.

**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, upzone 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. Review the existing standard of maintenance bylaws and strengthen them to maintain affordable housing stock.

**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.

**4. Upzone certain geographic areas to meet the needs of rental unit demand**

Be mindful of 'distributed density' (*needs more clarity*)



***Items below need to be integrated into above***

### **Municipal Tools for Housing Affordability**

#### **1. Reduce Parking Requirement in Zoning Regulation Bylaw, Improve Allocation of On-Street Parking**

***Make housing for people a higher priority in land use and development regulations than housing for private motor vehicles, by reducing or removing barriers to low-cost housing in the parking requirement of Zoning Regulation Bylaw.***

1.1 Amend Schedule C - variable parking requirement based on size of new unit of housing (i.e. 1.4:1 for large luxury units; zero requirement for micro-housing)

1.2 Examine “unbundled parking” - parking is regulated separately from housing supply

1.3 Examine expanded “monetization of parking storage” — the application of expanded pricing mechanisms for the storage of private vehicles on city land (currently confined to storage of vehicles on city rights-of-way downtown and in city parkades and surface parking lots). Could be expanded to rights-of-way in village centres and residential streets, to regulate supply and demand of vehicle storage more effectively.

1.4 Examine expansion of vehicle storage on city land, including angle parking and creation of additional storage from the narrowing / reduction of travel lanes and/or targeted road closures to free up right-of-way for vehicle storage.

#### **2. Expedite City Processes to reduce Costs of Development**

***Reduce delay and uncertainty in land development process to avoid cost escalation and reduce overall construction costs, improving affordability of completed units. Reducing timeline for development approval would assist developers in hitting pro formas, keeping costs down and delivering more affordable units.***

2.1 City intervention to expedite and streamline land-use and development approval process and regulations to make development of low-cost housing a lot less risky, onerous and time consuming.

2.2 Change burden of proof on increases in development densities: Encourage construction of more 2-6 storey wood frame apartment buildings along arterial roads and village centres to increase supply of low-cost units, by re-balancing the role and influence of Community Association Land Use Committees and residents in the land-use and development approval process.

2.3 Examine mechanism for ensuring that completed units approved through an expedited City process lock in affordability.

**9. Examine mechanisms to establish rents at sustainable level and keep them there**

***Examine municipal mechanisms to avoid escalation in rents to maintain and improve affordability of rental housing supply.***