

Working Document of Recommendations to Council Housing Affordability Task Force

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 falls primarily 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 affordable housing.

Goals and Targets

1. Increase Overall Housing Supply in City

- BC non-profit housing and City of Victoria OCP estimates rental housing needs at 250 non-market units per year for the next 30 years.
- 1000 units are needed to fill the gap immediately.

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

Create new value rather than focus on driving down costs. Through urban planning and investment of civic infrastructure, undesirable areas can become desirable areas, while relatively lower land values help to enable construction of new affordable housing. This principle can be applied in current planning for the Burnside-Gorge/Douglas/Blanshard local area plan. **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

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 a database 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 to consider policy changes such as reducing the lot size.

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. 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.

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. **Affordable Housing Maintenance and Rehabilitation Programs**
Many communities have an existing stock of affordable housing, some of which is poorly maintained and may become uninhabitable. Targeted assistance can help maintain and restore this housing stock. **Need specific recommendation / policy tools for Victoria.**
3. Review the City of Calgary's affordable home ownership program; a fund to help lower income families.

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.