



Victoria Housing Strategy

2016-2025

For reference only – an updated version of this document is available at Victoria.ca/housing



Victoria Housing Strategy

Introduction

Over the past 30 years Victoria has grown and changed dramatically. The city's population has increased from 63,800 in 1981 to 80,000 in 2011, and is expected to grow by an additional 20,000 residents by 2041. Affordable housing is an important component of Victoria's transition to become a leader in urban sustainability while remaining one of Canada's most livable cities.

Purpose

The purpose of this Strategy is to define the City's role in the provision of affordable housing, to assess and forecast Victoria's affordable housing need and to establish targets and tools to meet those needs over the next 10 years. The Strategy aims to be action-oriented, focusing on concrete measures implemented over a three-year period, with annual monitoring and updates to guide continual improvement.

Goal

The goal of the Victoria Housing Strategy is to increase the supply and diversity of non-market and market housing across the housing spectrum and throughout Victoria that meets the current and future needs of low and moderate income households.

Informing the Strategy

Mayor's Housing Affordability Task Force

On April 16, 2015, Victoria City Council approved its Strategic Plan for 2015-2018. Included within that plan were a number of actions aimed at addressing the issue of housing affordability. Chief among those actions was the creation of a Task Force on Housing Affordability. The Task Force was mandated by Council to identify solutions that could help increase the supply of new units of low-cost housing. In an effort to limit the scope of this to areas of most practical municipal impact, the Task Force focused primarily on the development of housing that meets the affordability needs of households that fall within Statistics Canada's middle two income quartiles (household incomes ranging from \$18,147 to \$57,772 per annum) and examined potential solutions that could achieve greater affordability in both non-market and market housing developments.

Working together across different sectors and perspectives, in two months the Task Force created a suite of recommendations. The recommendations were analyzed, considered by Council at two workshops in October 2015, and inform many of the actions contained in this Strategy.

Background Studies and Data

In 2014, the City commissioned a study to support Official Community Plan, 2012 (OCP) implementation regarding aging in place. CitySpaces was retained to prepare an aging in place assessment and recommended strategies to assist the City in its future housing-related policy work. The Victoria Housing Strategy was informed by the final document, *Housing & Supports for an Aging Population: Recommended Strategies & Actions, April 2015*.

In addition, this Strategy was informed by data sources including the Canada Mortgage and Housing Corporation (CMHC) Rental Market Survey October 2015, the Capital Region Housing Data Book and Gap Analysis, 2011 Census and National Household Survey, Urban Futures and CitySpaces Rental Housing Supply & Demand Report 2013, Greater Victoria Coalition to End Homelessness 2014/2015 Report on Housing & Supports, Victoria Real Estate Board Multiple Listing Service, and City of Victoria Development Statistics.

Principles

Social Integration

Housing is a basic human need. 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 a healthy, inclusive and more sustainable community. The principle of social integration, both across the city and within neighbourhoods, underlies Victoria's approach to housing.

Affordable Housing

The Canadian Mortgage and Housing Corporation (CMHC) defines affordable housing relative to income, as housing that costs less than 30% of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments, property taxes and any condominium fees along with payments for electricity, fuel, water and other municipal services.

Affordable housing is a relative term and can also be defined relative to market prices. The City of Victoria defines affordable housing as costing no more than 30% of gross household income.

This Strategy uses this definition to define the limits of affordability, based on a range of incomes to determine the number and types of units required by 2026 based on average rental prices coupled with population growth projections. These figures were used to ascertain high level targets for market and affordable (subsidized) rental for individuals and for families.

The Victoria Context

Victoria median household income is the lowest in the region, while average rents by bedroom type and housing purchase prices are among the highest in the region. High housing costs, both for rental and ownership, make housing affordability a challenge for people of different income levels. In recent years, little purpose-built rental housing has been constructed, vacancy rates have been low, and much of the existing supply of rental housing is approaching the end of its lifecycle. It is estimated that more than 1,500 people are homeless in the region.

As a built-out city with little remaining undeveloped land, and with commitments to accommodate a share of the region's population growth, the outward expansion of Victoria's housing stock is limited, making it necessary to create more compact built environments and a range of housing options that are affordable for current and future residents.

Forecasts

The City of Victoria's Official Community Plan, 2012 forecasts that Victoria needs an additional 13,500 apartment units and an additional 2,700 ground-oriented units to accommodate an increase in population to roughly 100,000 in 2041. Population growth is anticipated to be concentrated in older age groups as the proportion of Victorians over the age of 65 is expected to increase from 17% to 29% of the total population. At the same time, the proportion of children and young adults is anticipated to decline.

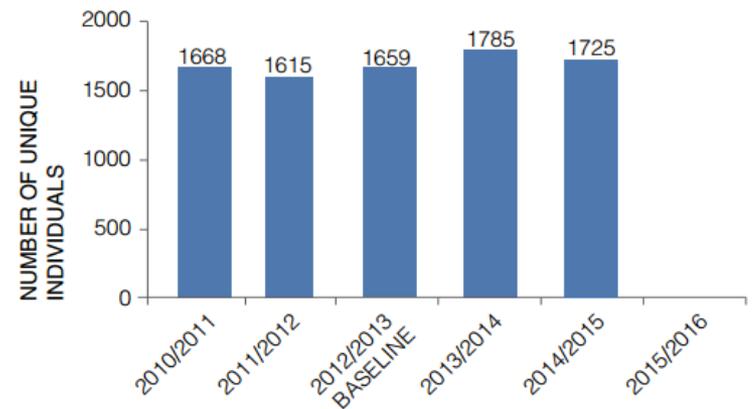
Challenges

Homelessness

Homelessness is a persistent and growing concern in the region, with the population and its services concentrated in the City of Victoria. According to the 2014 Greater Victoria Coalition to End Homelessness Facility Count, on one night in February 2014, a total of 1,167 individuals were enumerated in 87 facilities, including those turned away. Of the 87 facilities, 56 are located in the City of Victoria. Over the year 2014/2015, there were 1,725 unique shelter users, which is consistent with previous years. (Source – *Greater Victoria Coalition to End Homelessness: Homelessness in Greater Victoria 2014/2015 Report on Housing & Supports*).

The 2016 Greater Victoria Point in Time Count found that on the night of February 10, 2016, there were at least 1,387 people experiencing homelessness in Victoria.

Number of Unique Individuals Using Greater Victoria Emergency Shelters



SOURCE: GREATER VICTORIA COALITION TO END HOMELESSNESS; HOMELESSNESS IN GREATER VICTORIA, 2014/15 REPORT ON HOUSING & SUPPORTS. TIME PERIOD MARCH TO APRIL.

Challenges

Homelessness (continued)

The management and support for homelessness and sheltering services is not a primary service of the City of Victoria, therefore, this Strategy does not deal directly with housing aimed at those currently experiencing homelessness. However, Victoria does play an important role in supporting the development of local solutions and programs, and in managing the public impacts of homelessness. In its role as land use regulator, the City can focus on longer-term affordable housing facilitation along the rest of the housing spectrum to provide opportunities that help people achieve and maintain access to housing.

The City can also support and lead vital partnerships with other municipalities through the Capital Region District and with other levels of government to facilitate housing options for those currently in shelters and on the streets.

Challenges

Rental Housing

A significant share of Victoria's households are renters. In 2011, 59% of Victoria households rented, compared to 51% in Vancouver, 34% regionally, and 29% across the province (Census 2011). Compared to other communities in British Columbia, Victoria has a greater proportion of the population in the early family-formation and older stages of life, a greater proportion of apartments, a more mobile population, a greater share of non-family households, and overall lower incomes. These are attributes that can be correlated with the much higher share of rental housing in the city than in other municipalities (Urban Futures 2013). Renting has traditionally provided a more affordable housing option than ownership. As a result, renting is a popular option for young and lower-income households. In Victoria, rental maintainer rates are the highest among those aged 25 to 34 years old, then steadily decline before rising again among seniors over 70 years of age. Of Victoria's renters, almost half spent more than 30% of their income on shelter in 2011 and a quarter spent more than 50%.

Purpose-built rental housing represents an important part of the spectrum of choices that are available to renter households. It is the most stable source of rental housing and in relative terms, becomes more affordable over time as rental rates rise more slowly than housing prices. Much of the city's purpose-built rental stock is aging, so it is critical to find ways to retain and improve it through the actions in this Strategy.

Vacancy rates have been consistently low, ranging from 1.3% to 2.4% since 2007, dropping to 0.6% in October 2015 (CMHC Rental Market Survey). Little purpose-built rental housing has been constructed in recent years and much of the rental housing stock was built before 1981 and will need to be updated or replaced within the next 25 years. Privately owned condominiums are an important source of rental housing, representing almost 14% of the total rental units in Victoria (CMHC Rental Market Survey October 2015). This secondary market adds diversity and new stock, but is a less stable and affordable form of rental tenure.

BC Housing provides rent assistance to seniors and low-income, working families in the private rental market through rent supplements which can create affordable housing out of market rental housing by subsidizing the user instead of the unit. This requires adequate rental supply to make it feasible.

Challenges

Rental Housing (continued)

An important component of the secondary market is accessory suites, both in the form of garden suites (separate structures on the same lot as single family dwellings) and secondary suites (self-contained units within existing single-family dwellings). There are numerous advantages to secondary units. They distribute less expensive housing throughout neighbourhoods through modest increases in density (“invisible density”) that has low visual impact on the character of neighbourhoods if infilled sensitively. Secondary units are an attractive option for homeowners and renters at various life stages. Secondary suites in particular assist homeowners entering the housing market as they serve as mortgage helpers. Both secondary suites and garden suites serve an aging population by allowing on-site caregiver rental opportunities or allowing older adults an opportunity to move closer to their relatives.

Garden suites are not currently allowed in the Zoning Regulation Bylaw. The City allows them in policy if certain criteria are met, but landowners must go through a rezoning process to establish them. Garden suites prove suitable on street block configurations that include laneways to permit secondary access and provide separation between neighbours. Victoria, in its compact form, has few laneway opportunities. A garden suites policy with a list of criteria to determine appropriate sites was created to ensure low impacts on neighbours. Despite this, the City has received very little take-up in garden suite development. Secondary suites, on the other hand, are currently permitted in zoning, but with limitations on the amount of change that can be made to a single-family dwelling to accommodate them. Exterior changes cannot be made 5 years before or anytime after the date a secondary suite is installed in a building, and the size of addition permitted cannot exceed 20 m² in addition to other limitations. All of these factors may be barriers to the establishment of secondary rental units throughout the city.

An aging population, in combination with population growth will account for much of the growth in rental housing demand in the region. The impact of demographic change would be a small decline in the share of dwellings in the City that are rented in 2041. This is based on a projected increase in demand by 26% in rental units or 7,400 net additional rental units. As rental demand among seniors is projected to grow significantly over this period, given their lower incomes, core housing need is anticipated to increase at a rate higher than overall demand.

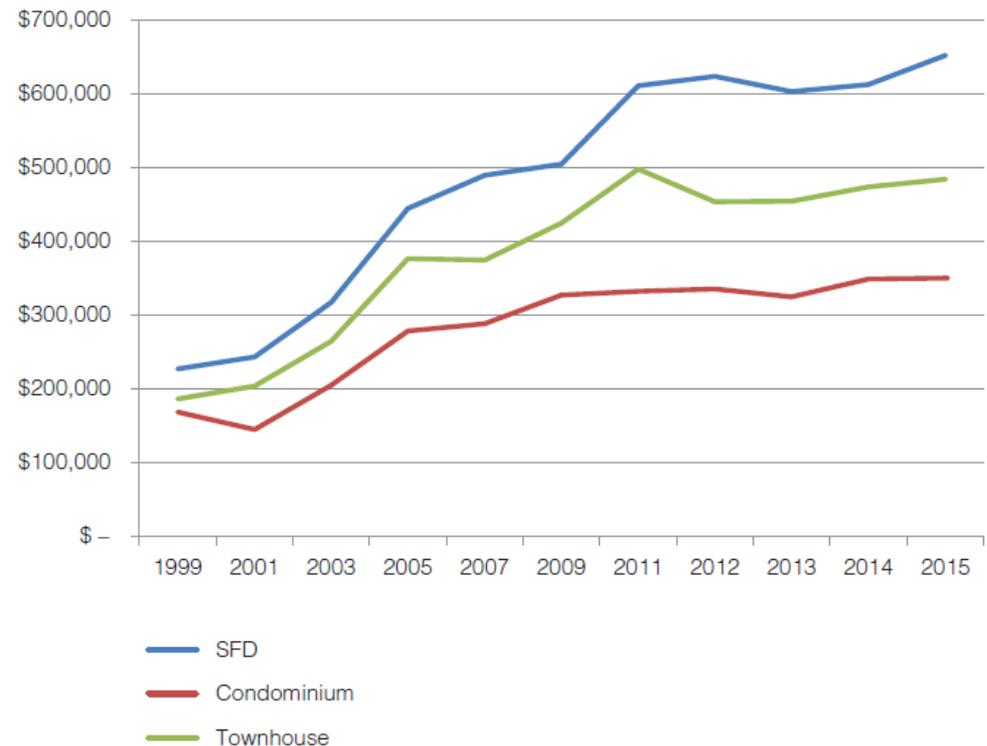
Challenges

Ownership

Over the last decade, Victoria has ranked among the most expensive places to buy housing in Canada. After a ten year surge in prices to 2010, housing experienced more modest price increases to 2015, with the price of a benchmark single family home in Victoria reaching \$606,600, a townhouse \$444,200 and a condominium \$291,000, affordable only to households earning between \$80,000 to \$150,000 which far exceeds median income. Average housing sale prices in Victoria are even higher than benchmark prices, and are shown in the figure to the right.

The demand for owner-occupied housing is projected to increase by 41% to 2041, a net gain of 8,700 units. Expanding the supply of affordable housing may support entry-level home ownership for specific segments of the population seeking the stability and security associated with homeownership.

Average Housing Sale Prices – Victoria 1999–2015



Challenges

Ownership (continued)

The City can take steps to help introduce the concept of affordable home ownership in Victoria and further explore the feasibility of affordable home ownership programs, for example, through loan assistance or shared equity models. Exploring this through workshops with City staff, housing providers, developers and builders was recommended by the Mayor’s Task Force on Housing Affordability. Future pilot projects could also be considered.

There are other ways the City, in its role as regulator, can influence affordable ownership through policy decisions and regulations that affect housing diversity. The *Zoning Regulation Bylaw* has requirements that contribute to construction costs and unit sizes, contributing to affordability. Currently, there are no minimum residential unit sizes Downtown, so very small “micro” units can currently be developed that are sold at lower price points. However, the City has minimum residential unit size regulations for areas outside of Downtown. In addition, off-street parking requirements, including the amount of parking and associated underground structures also contribute to costs. Finally, other accessory uses like secondary suites and garden suites (particularly those that can be incorporated into existing accessory structures) can serve as “mortgage helpers”.

Affordable Housing Spectrum

Below is an example of housing types within each segment of the spectrum along with high-level strategic directions for City action.

| HOMELESSNESS | AFFORDABLE RENTAL | | AFFORDABLE OWNERSHIP | |
|--|--|---|---|---|
| <p>NON-MARKET Shelters Transitional Housing Supported Housing</p> | <p>BELOW-MARKET Subsidized Housing Non-Profit Housing Co-operatives</p> | <p>MARKET Boarding Housing Accessory Suites Purpose-Built Secured Condos</p> | <p>NON-MARKET Affordable Ownership Programs Shared Equity Projects</p> | <p>MARKET Market Infill Development Micro-Condos Homes with Legal Suites</p> |

Support partnerships with senior levels of government

Priority areas for City-led initiatives

Support Pilot Project

Facilitate adequate overall supply

Policy supporting diversity and attainability

Target Unit Creation

With the Official Community Plan’s 30-year horizon in mind, the Victoria Housing Strategy focuses on the next 10 years, estimating target market and affordable rental units by 2026. These targets are meant to be a high level indication of affordable housing demand and are based on the projected future number of households in target income ranges. The targets are meant to ensure adequate supply, to avoid putting downward pressure on housing supply.

Estimated # of new **family** units required by 2026

100
market rental
units for families

450
affordable rental
units for families

| | Estimated # of families in target income range added by 2026 | Income Bracket (Census) | Estimated # of households in target income range added by 2026 |
|-------------------|---|-------------------------|--|
| Market Rental | 114 | \$50,000-\$59,999 | 608 |
| | 147 | \$40,000-\$49,999 | 783 |
| Affordable Rental | 174 | \$30,000-\$39,999 | 926 |
| | 156 | \$20,000-\$29,999 | 832 |

Estimated # of new units required by 2026

2300
market rental units

800
affordable rental units

“Family household” means:

- Married couples with children at home
- Common-law couples with children at home
- Lone-parent households with children at home

CMHC average rental prices:

- \$749/month for bachelor
- \$879/month for 1-bedroom
- \$1157/month for 2-bedroom
- \$1451/month for 3-bedroom

Strategic Directions to Meet Targets



Strategic Direction 1

Increase supply
of attainable
housing for low to
moderate income
households



Strategic Direction 2

Encourage diversity
of housing types,
tenures, and prices
across the city and
within
neighbourhoods



Strategic Direction 3

Build awareness
and partnerships
for affordable
housing through
communication,
education and
advocacy

Strategic Direction 1: Increase Supply

Action: Consider new zoning approaches to encourage affordable housing projects

| Supporting Actions | Priority | Timeline |
|--|----------|--|
| 1. Reduce parking requirements and consider parking innovations that support affordable housing projects. | ✓ | Year 1: In progress, as part of Schedule 'C' update. New parking requirements for consideration in October 2016 |
| 2. Remove minimum unit size regulations in multi-unit residential zones. | ✓ | Year 1: Commence in 2016 following outcomes of Schedule 'C' update |
| 3. Permit garden suites in zoning. | ✓ | Year 1: Commence in Q3 of 2016 |
| 4. Examine ways to increase the number of secondary suites while maintaining livability, safety and affordability. | ✓ | Year 1: Commence in Q3 of 2016 |
| 5. Update zoning following local area planning processes to encourage a variety of housing forms consistent with the OCP, including: <ul style="list-style-type: none"> • additional house conversion opportunities • a variety of low-density housing forms including fee simple row housing, co-housing, courtyard housing, etc. • lock-off suites. | | Years 1-3 (2016-2019) to coincide with accelerated local area planning schedule Year 1: new Downtown Zoning Bylaw is underway |

Strategic Direction 1: Increase Supply

Action: Consider new policies and initiatives to encourage affordable housing projects

| Supporting Actions | Priority | Timeline |
|---|----------|--|
| <p>1. Review and update the Victoria Housing Reserve Fund guidelines based on the following considerations:</p> <ul style="list-style-type: none"> a. Basis of fund allocations (per unit, per bedroom, etc.) and limits; b. Criteria to encourage family-oriented units, and c. Evaluation of the fund for affordable housing projects outside of Victoria. | <p>✓</p> | <p>Year 1: Commence in Q3 of 2016</p> |
| <p>2. Reconsider policies and guidelines for potential conversion of motel properties as part of local area planning processes.</p> | | <p>Year 1: Burnside-Gorge Neighbourhood Plan completion in 2016.</p> <p>Year 2-3: Timing to coincide with accelerated local area planning schedule from March 2016-February 2019</p> |
| <p>3. Work with the Strategic Real Estate function to determine if affordable housing objectives can be achieved when considering the acquisition, disposal or redevelopment of public properties and lands.</p> | | <p>Years 1-2 (2016-2018)</p> |

Strategic Direction 1: Increase Supply

Action: Streamline development application processes to support affordable housing projects

| Supporting Actions | Priority | Timeline |
|---|----------|---|
| 1. Continue the practice of prioritizing non-market housing applications. | ✓ | Ongoing |
| 2. Expand application prioritizing to private sector projects that meet minimum thresholds for target housing types. | | Year 1: Determine thresholds in 2016 |
| 3. Consider additional delegation authority initiatives for development applications in future years following monitoring and evaluation of the current level of delegated authority. | | Year 2: Commence in April 2017 following 1 year evaluation of current delegated authority |

Strategic Direction 1: Increase Supply

Action: Examine opportunities to create further incentives

| Supporting Actions | Priority | Timeline |
|---|----------|--|
| 1. Develop a fiscal strategy that considers impact of direct funding from the Victoria Housing Reserve Fund and relief from fees, Development Cost Charges and permissive tax exemptions. | ✓ | Year 1: Commence in Q3 of 2016 with the Victoria Housing Reserve Fund review |
| 2. Revisit the secondary suite grant program for accessible suites that serve an aging population. | | Year 2: 2017-2018 |
| 3. Consider yearly contributions to the Victoria Housing Reserve Fund to align with the housing targets outlined in this Strategy as part of future budgeting considerations. | | Year 2: Commence as part of budget planning for 2017 and beyond |

Strategic Direction 2: Encourage Diversity

Action: Consider new policies and initiatives to encourage housing diversity

| Supporting Actions | Priority | Timeline |
|---|----------|--|
| <p>1. Create an inclusionary housing density bonus policy within the Downtown Core Area to seek on-site non-market housing as part of amenity contributions for projects above a certain threshold.</p> | <p>✓</p> | <p>Year 1: Policy approach approved-in-principle by Council in April 2016</p> <p>Public and stakeholder engagement in May-June 2016</p> <p>Final policy considered for approval in Q3 2016</p> |
| <p>2. Establish clear targets for affordable housing types, tenures and incomes to inform negotiations as a supplement to the inclusionary housing density bonus policy (noted in action 1, above).</p> | <p>✓</p> | <p>Year 1: Commence in Q4 2016</p> |
| <p>3. Consider voluntary guidelines to encourage adaptable housing so accessibility features can be added more easily and inexpensively post-construction.</p> | | <p>Year 3: 2018-2019</p> |

Strategic Direction 2: Encourage Diversity

Action: Protect existing rental stock

| Supporting Actions | Priority | Timeline |
|---|----------|---|
| 1. Create an inventory of existing affordable rental stock. | ✓ | Year 1-2: Commence in Q1 of 2017 |
| 2. Consider regulations, policies and incentives to protect and support regeneration of existing affordable rental stock. | ✓ | Year 1-2: Commence in Q1 of 2017 as part of rental retention and revitalization study |
| 3. Review and update the Property Maintenance Bylaw to improve tenant housing quality. | ✓ | Year 1: Commence in Q3 of 2016 as part of rental retention and revitalization study |
| 4. Examine legislative authority for a municipal role in maintaining rental tenant stability. | ✓ | Year 1-2: Commence in Q1 of 2017 as part of rental retention and revitalization study |

Strategic Direction 3: Build Awareness

Action: Build awareness and support for affordable housing through communication, education and advocacy

| Supporting Actions | Priority | Timeline |
|--|----------|---|
| 1. Update the housing webpage on the City of Victoria’s website to make policies and practices readily accessible and widely understood. | ✓ | Year 1: 2016-2017 |
| 2. Host workshops with external partners and stakeholders to investigate opportunities including but not limited to: <ul style="list-style-type: none"> a. Affordable home ownership programs b. Protecting and regenerating existing affordable rental housing stock. c. Non-profit housing development by faith communities | | Year 1: Host in Q3-Q4 of 2016 Year 2: 2017-2018 Year 3: 2017-2018 |
| 3. Use the City’s annual Development Summit for ongoing dialogue with the development industry and housing providers to support the provision of affordable housing. | | Ongoing annual event |
| 4. Continue to support a Regional Housing First Strategy. | | Ongoing |

Determining Priorities

Strategic Direction 1:

Priorities:

- Reduce parking requirements and consider parking innovations that support affordable housing projects.
- Remove minimum unit size regulations in multi-unit residential zones.
- Permit garden suites in zoning.
- Examine ways to increase the number of secondary suites while maintaining livability, safety and affordability.
- Review and update the Victoria Housing Reserve Fund guidelines and consider impact of direct funding from the Fund and relief from fees, Development Cost Charges and permissive tax exemptions.
- Continue the practice of prioritizing non-market housing applications.

Rationale:

Most of the priorities over the next three years are contained under this strategic direction to assist with adding to the supply of housing, many of which are proposed zoning changes. First, structured parking is cited by the industry as a significant contributor to the cost of housing. In addition, the City has undertaken a process to update its off-street parking regulations, which is currently underway, and is looking at ways the parking regulations can better support affordable housing. Following this work, it is recommended that the minimum unit size regulations in multi-unit residential zones be removed. Downtown zoning currently does not prescribe minimum residential unit sizes, so this work would be focused outside of Downtown. Together with reduced parking requirements, this may assist with the development of smaller units in new or infilled developments.

Permitting garden suites in zoning and examining ways to increase the number of secondary suites is recommended as a priority because these housing forms serve a wide range of homeowners and renters within the target income quartiles who are in different life stages, and in particular, provides more opportunity for aging in place.

Finally, it is recommended that the City update the Housing Reserve Fund guidelines to encourage family-oriented units to support workforce housing and continue to prioritize non-market housing applications to assist housing providers with delivering projects faster.

Determining Priorities

Strategic Direction 2:

Priorities:

- Create an inclusionary housing density bonus policy within the Downtown Core Area to seek on-site non-market housing as part of amenity contributions for projects above a certain threshold.
- Establish clear targets for affordable housing types, tenures and incomes to inform negotiations as a supplement to the inclusionary housing density bonus policy.
- Create an inventory of existing affordable rental stock.
- Consider regulations, policies and incentives to protect and support regeneration of existing affordable rental stock.
- Review and update the Property Maintenance Bylaw to improve tenant housing quality.
- Examine legislative authority for a municipal role in maintaining rental tenant stability.

Rationale:

Inclusionary housing considerations are underway through the City's density bonus policy work that is progressing in 2016. Completing this work will allow the City to immediately commence negotiations for affordable housing considerations as part of rezoning applications for increases in density. To further support the rezoning negotiations, be transparent about the City's housing objectives, and to provide applicants with guidance, establishing clear targets for the inclusionary housing units is seen as a priority.

To inform preparation of a rental retention and revitalization strategy to protect and improve the quality of rental stock, the first step is to prepare an inventory in order to understand the amount and state of the existing housing stock. This is recommended as a priority given the City does not currently keep an inventory of this, with work on the rental retention and revitalization strategy to immediately follow.

Determining Priorities

Strategic Direction 3:

Priority:

- Update the housing webpage on the City of Victoria’s website to make policies and practices readily accessible and widely understood.

Rationale:

The City is in the process of making its website more user-friendly to support customers looking to navigate through the City’s development processes. Updating the housing component of the website is recommended as a priority because it can be incorporated into current work already in progress. Ensuring clear access to and knowledge of the City’s housing objectives, initiatives, policies, regulations and processes may help support affordable housing.

Measuring Progress

Monitoring and Evaluation

On an annual basis, progress towards achieving the targets outlined within the Victoria Housing Strategy will be reported to Council to track the following:

- ✓ Yearly progress towards 10-year rental targets
- ✓ Yearly progress towards 10-year ownership targets

This annual reporting will be compiled in the Annual Housing Report, which provides an annual snapshot of the state of the housing market in Victoria. The Annual Housing Report is supplementary to the OCP Annual Review – which tracks overall progress towards achieving the OCP across a wide range of indicators – and it provides greater detail in terms of rental and market housing statistics.

The City is also improving how it collects data through a Development Monitoring initiative to support and improve the availability and quality of data related to development industry, to support both the OCP Annual Review and the Annual Housing Report.