

DATE OF MEETING April 26, 2021

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SUBJECT AFFORDABLE HOUSING STRATEGY – ANNUAL IMPLEMENTATION UPDATE

OVERVIEW

Purpose of Report:

To provide the Governance and Priorities Committee with the second annual update on the implementation of Nanaimo's Affordable Housing Strategy.

BACKGROUND

On 2018-SEP-17, Council approved the Affordable Housing Strategy (the "Strategy"), the City's first comprehensive study of affordability across the housing continuum, which includes social, non-market, and market housing. The Strategy establishes the City's role and priorities with regard to promoting affordable, appropriate, and accessible housing in Nanaimo for the 2018-2028 period. The five objectives of the Strategy include:

1. Increase the supply of rental housing
2. Support infill and intensification in existing neighbourhoods
3. Diversify housing forms in all neighbourhoods
4. Continue to support low-income and special needs housing
5. Strengthen partnerships and connection

Following the first 2019-DEC-19 annual update received by Council, this report provides the second annual update on housing trends and progress made in 2020 towards achieving Strategy objectives (see Attachment A - Housing Targets).

The Strategy's implementation framework divides the policy directions into immediate/short-term (1-2 years), medium-term (3-5 years), and long-term (5-10 years) priorities. While this report focusses on progress towards short-term priorities, there are some medium- and long-term priorities that have also been achieved, such as establishing Nanaimo's first Rent Bank. The report also provides an overview of ongoing and future implementation actions for 2021-2022 (see Attachment B - Affordable Housing Strategy Implementation Table).

DISCUSSION

Several factors impacted the Strategy implementation in 2020. The most significant being the ongoing COVID-19 pandemic, which changed the timeline of several projects with a public engagement component. Significant Staff resources also went towards supporting the work of the Health and Housing Task Force, and the rollout of the Memorandum of Understanding (MOU) with BC Housing, as well as other projects to address homelessness. At the same time,

these initiatives contributed directly to progress on Objective 4, “Continue to Support Low Income and Special Needs Housing,” and Objective 5, “Strengthen Partnerships and Connections”.

It should also be noted that the Strategy, while specifically focussed on the City’s direct influence on housing affordability, will continue to be implemented while complementing the broader Health and Housing Action Plan (HHAP) endorsed by Council on 2021-FEB-22.

2020 Progress Measures Summary

The Strategy identifies targets for measuring implementation progress. Below is a summary of City progress towards these targets (see Attachment A) as measured using key performance indicators sourced from 2020 Canadian Mortgage and Housing Corporation (CMHC) and City of Nanaimo data:

- **On track** to meet target of 50% of new housing as purpose-built rental with 40% of new housing starts as purpose-built rental.
- **On track** to meet 70% target of new residential housing starts in multi-unit dwellings with 58% of intended starts in multi-unit dwellings.
- **Exceeding** target of 50% of new housing construction starts in apartments with 55% of new starts as apartments.
- **Exceeding** target of 20% of rental as two- to three-bedroom units. However, more rental units with three or more bedrooms are especially needed (44.9% of existing rentals are two- or three+-bedroom apartments, but only 4.1% are three+ bedrooms).
- **On track** to meet supportive and below-market rentals target within a three- to five-year time frame.

Despite record levels of new rental housing, Nanaimo’s Canada Mortgage and Housing Corporation (CMHC) vacancy rate remains persistently below the 3% threshold commonly believed to indicate a balanced rental market. The vacancy rate was 1% as of October 2020, dropping from 2% in 2019. It has been below the 3% threshold since 2015.

It is also worth noting that the CMHC vacancy rate does not include the secondary rental market (e.g., homes that are rented out or secondary suites) that fill a key gap in Nanaimo’s rental housing market. In 2019, 70% of new single-family dwellings were built with secondary suites, adding 145 secondary suites. Comparatively, in 2020, 60% of new single-family dwellings were built with suites, adding 129 secondary suites to the existing housing stock.

2020-2021 Project Implementation Progress

Over the past year, Staff have substantially completed a number of projects that address housing affordability and accessibility, including: the density bonus review, Community Amenity Contribution Policy update, the Rent Bank launch, and short-term rental regulations. There has also been progress through partnerships with the Province and other Health and Housing Task Force members. This includes the BC Housing MOU announced in 2020 to provide additional

supportive and affordable housing units, and a Provincial commitment for a navigation centre to house, stabilize, and transition homeless individuals into other forms of housing. Due to these initiatives, the City is on track to meet our affordable housing as well as supportive housing targets. Details are included in Attachment B.

Highlights for the 2021 Strategy implementation work plan include several projects that will be considered through the **REIMAGINE** NANAIMO process, including rental-only zoning and developing a land acquisition policy for affordable housing. Other projects, such as the Family-Friendly Housing Policy and the update of the Housing Legacy Reserve Fund Policy, will build on work done in 2020 through the Child Care Needs Assessment and the Health and Housing Action Plan.

CONCLUSION

Staff continue to work on implementing the Strategy to improve access to affordable, appropriate housing and accessible options across the housing continuum. The additional direction provided by the Health and Housing Action Plan and the opportunities presented by **REIMAGINE** NANAIMO will also inform key projects and priorities in 2021.

SUMMARY POINTS

- Overall, the City is on track or meeting several key targets established in the Affordable Housing Strategy, including those related to new purpose-built rental, secondary suite, and multi-family construction.
- However, despite a strong purpose-built rental construction market, Nanaimo's vacancy rate for purpose-built rental is persistently low at 1%.
- Staff have worked on a number of Strategy implementation initiatives over the past year, including the Density Bonus review, Community Amenity Contribution Policy update, the launch of a new Rent Bank, and short-term rental regulations.
- Highlights for the 2021 Strategy implementation work plan include consideration of rental-only zoning, a land acquisition policy, a family-friendly housing policy and the update of the Housing Legacy Reserve Fund Policy.

ATTACHMENTS

ATTACHMENT A: Housing Targets

ATTACHMENT B: 2020-2021 Affordable Housing Strategy Implementation Table

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