

DATE OF MEETING | May 3, 2021 |

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**SUBJECT | ZONING BYLAW “SCHEDULE D” – AFFORDABLE HOUSING AMENDMENTS |**

## **OVERVIEW**

### **Purpose of Report**

To amend Schedule D of the “City of Nanaimo Zoning Bylaw 2011 No. 4500” to provide density bonusing points for rental and affordable housing developments. |

### **Recommendation**

That:

1. “Zoning Amendment Bylaw 2021 No. 4500.180” (To amend Schedule D of “City of Nanaimo Zoning Bylaw 2011 No. 4500” to provide density bonusing points for rental and affordable housing developments) pass first reading; and
2. “Zoning Amendment Bylaw 2021 No. 4500.180” pass second reading. |

## **BACKGROUND**

The City of Nanaimo Affordable Housing Strategy (AHS) was adopted by Council at its meeting held on 2018-SEP-17. The AHS provides a framework to facilitate the development of affordable housing in Nanaimo and includes a number of policy objectives and action items. The AHS considers a range of affordable housing levels broadly categorized as affordable homeownership, affordable rental housing, and non-market housing.

The City of Nanaimo currently provides opportunity for density bonusing through Schedule D of “City of Nanaimo Zoning Bylaw 2011 No. 4500” (the “Zoning Bylaw”). The density bonus schedule currently contains seven different categories and two tiers. Each category contains a list of desirable amenities, with a weighted point value and a minimum amount of points needed to achieve each category.

Objective 4.3 of the AHS is to review the practice of density bonusing to increase the supply and integration of non-market housing and Action Item 4.3(a) is to:

*Revise Schedule D in the Zoning Bylaw to specifically include affordable housing (including non-market housing, affordable rental, and affordable ownership) as an amenity that can result in additional density in a new development.*

Objective 1.1 of the AHS is to develop a secured market rental housing policy and Action Item 1.1(b) of this objective is to:

*Develop a package of incentives that includes density bonus for 100% rental housing; reduction/waiving of community amenity contributions; parking*

*relaxations in transit nodes and corridors; financial incentives; and concurrent processing.*

Objective 4.3 is identified as a medium-term (3-5 year) priority in the AHS, and Action Item 4.3(a), to revise Schedule D to specifically include affordable housing, is the first of four suggested action items. Objective 1.1 is identified as a short-term (1-2 year) priority in the AHS.

The proposed "Zoning Amendment Bylaw 2021 No. 4500.180" (the "Amendment Bylaw") is consistent with Action Items 1.1(b) and 4.3(a). Council, at its Governance and Priorities Committee meeting held on 2021-APR-26, recommended that the Amendment Bylaw receive two readings. Should Council pass the first two readings, the Amendment Bylaw will proceed to an upcoming Public Hearing prior to third reading.

## **DISCUSSION**

### **Proposed Amendments**

The proposed Amendment Bylaw, if adopted, will amend current Category 7 – Social Sustainability of Schedule D and create a new Category 8 – Affordable Housing. Existing Category 7 is shown in Attachment A, and the proposed Schedule D changes are highlighted in Attachment B.

#### *Rental Housing*

Amendments are proposed to existing Category 7 to align with AHS Action Item 1.1(b) for rental housing. Existing Category 7, Amenity C provides 3 points where at least 50% of the residential dwelling units are secured for rental for at least ten years. The proposed Amendment Bylaw will include the following amendments:

- Revise Amenity C based on stakeholder feedback to increase the percentage of units from 50% to 100%, to allow stratification where independent sales are prohibited for ten years through a Housing Agreement, and to increase the amenity points from 3 to 4;
- Provide a new Amenity D to incentivize purpose-built rental housing without the opportunity for independent sale after ten years; and
- Recalculate the number of amenity points for Category 7 after the addition of a new rental housing item and after the affordable ownership item is moved to Category 8.

By providing two separate rental housing incentive options in Category 7, property owners and developers will be offered flexibility to choose how long they wish to commit to securing rental housing. The ten-year option (Amenity C) aligns with the commitment timeframe for funding offered by Canada Mortgage and Housing Corporation (CMHC) and is consistent with what is currently offered by Schedule D.

#### *Affordable Housing*

In addition to the proposed amendments to Category 7, a new category is proposed to specifically include affordable housing and align with the AHS Action Item 4.3(a). As per the AHS recommendation, Category 8 will provide density bonus points for three levels of affordable housing: affordable ownership, affordable rental, and non-market housing. Existing

Category 7, Amenity D, provides points for affordable ownership and will be revised to become Category 8, Amenity A. There are currently no Schedule D amenity points for affordable rental and non-market housing, and proposed Category 8 Amenities B & C will incentivize both forms of affordable housing, respectively. Each level of affordable housing will offer incremental points based on the number of dwelling units to help encourage integrated forms of affordable housing in line with the AHS objective.

The proposed Category 8 will award points for the following amenities:

- A. *Affordable Ownership.* This amenity item is a revised version of existing Category 7, Amenity D. Based on feedback from stakeholders in the development community, the amenity was revised to incentivize dwelling units sold at least 10% less than the median sale price of the current year as determined by the Vancouver Island Real Estate Board (VIREB). Presently, Schedule D only incentivizes dwelling units sold at least 20% less than the median sale price. Based on stakeholder feedback and observed application of Schedule D amenities, the existing Schedule D amenity is not typically sought by property owners. This is due to the fact that the median sale price takes into account not only new dwelling units, but older units that have depreciated in value over time. By setting the benchmark at 10% less than the median sale price for all sales, the amenity will better reflect achievable affordable ownership targets for new developments that are seeking additional density through Schedule D. A maximum of 10 amenity points will be available for this item (1 point per 10% increment of total dwelling units).
- B. *Affordable Rental.* This amenity will incentivize affordable rental dwelling units that are rented at less than the average rent level for Nanaimo as determined by CMHC. A maximum of 20 amenity points will be available for this item (2 points per 10% increment of total dwelling units).
- C. *Non-market Housing.* This amenity will incentivize non-market housing, as well as supportive housing where 12 months' rent for dwelling units does not exceed 30% of the Housing Income Limit for Nanaimo as determined by BC Housing. This target aligns with the definition of non-market affordable housing provided in the AHS, and is consistent with the types of affordable housing projects offered Development Cost Charge reductions in the "City of Nanaimo Development Cost Charge Bylaw 2017 No. 7252". A maximum of 30 amenity points will be available for this item (3 points per 10% increment of total dwelling units).

The proposed amendments will address the first component of AHS Action Item 1.1(b) as it relates to density bonusing, and the other components of the action item will be explored through future development of an incentive program as envisioned by the AHS.

### **Policy Context**

The proposed Schedule D amendments are directly related to the City's Affordable Housing Strategy goals and implementation strategy. The proposed amendments are further supported by the Regional District of Nanaimo's Regional Growth Strategy Goal 4.1(6): "To support and facilitate the provision of appropriate, adequate, affordable, attainable, and adaptable housing"; as well as the City of Nanaimo's Official Community Plan Policy 3.2(5), "Use incentives to encourage developers to provide affordable housing units".

Based on current best practices for density bonusing and feedback received from stakeholders, it is anticipated the proposed amendments will support the provision of amenities in exchange for density, reinforce Council's strategy priority to support affordable housing, and further incentivize affordable housing developments in the city of Nanaimo.

### **SUMMARY POINTS**

- The City of Nanaimo currently provides opportunity for density bonusing through Schedule D of the Zoning Bylaw.
- The City's Affordable Housing Strategy, adopted in 2018, includes action items to revise Schedule D in the Zoning Bylaw to specifically include affordable housing (including non-market housing, affordable rental, and affordable ownership) and 100% purpose-built rental housing as amenities that can result in additional density for a new development.
- If adopted, the proposed Amendment Bylaw will amend Schedule D of the Zoning Bylaw to provide density bonusing points for rental and affordable housing developments

### **ATTACHMENTS**

ATTACHMENT A: Existing Schedule D – Category 7

ATTACHMENT B: Proposed Schedule D – Categories 7 and 8  
"Zoning Amendment Bylaw 2021 No. 4500.180"

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