

**MINUTES**  
GOVERNANCE AND PRIORITIES COMMITTEE MEETING  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,  
80 COMMERCIAL STREET, NANAIMO, BC  
MONDAY, 2022-JUN-27, AT 1:00 P.M.

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Present: Councillor J. Turley, Chair  
Mayor L. Krog  
Councillor S. D. Armstrong  
Councillor D. Bonner  
Councillor B. Geselbracht  
Councillor E. Hemmens  
Councillor Z. Maartman  
Councillor I. Thorpe (joined electronically)

Absent: Councillor T. Brown

Staff: D. Lindsay, General Manager, Development Services/Deputy Chief  
Administrative Officer  
B. Sims, General Manager, Engineering and Public Works  
T. Doyle, Fire Chief  
L. Bhopalsingh, Director, Community Development  
J. Elliot, Director, Public Works  
J. Holm, Director, Development Approvals  
P. Rosen, Director, Engineering  
S. Gurrie, Director, Legislative Services  
A. Mac Coll, Recording Secretary

1. CALL THE GOVERNANCE AND PRIORITIES COMMITTEE MEETING TO ORDER:

The Governance and Priorities Committee Meeting was called to order at 1:00 p.m.

2. APPROVAL OF THE AGENDA:

It was moved and seconded that the Agenda be adopted. The motion carried unanimously.

3. ADOPTION OF THE MINUTES:

It was moved and seconded that the Minutes of the Governance and Priorities Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, Nanaimo, BC, on Monday 2022-JUN-13 at 1:00 p.m. be adopted as circulated. The motion carried unanimously.

4. AGENDA PLANNING:

1. Governance and Priorities Committee Agenda Planning

Sheila Gurrie, Director, Legislative Services, advised Council that the remaining items on the Agenda Planning list will be dealt with at the Finance and Audit or the upcoming Council meetings. The July 25<sup>th</sup> Governance and Priorities Committee meeting does not have any items and can be cancelled.

5. REPORTS:

a. ECONOMIC HEALTH:

Current Construction Market Conditions

Bill Sims, General Manager, Engineering and Public Works spoke regarding the current market uncertainty and updated the Committee with Staff's response to the market issues and their projects.

Presentation:

1. Phil Stewart, Manager, Engineering Projects, provided a PowerPoint presentation. Highlights included:
  - Inflation has jumped from 4.8% January 2022 to currently 7.7%
  - In the past 10 years, budget and cost estimates were created a year in advance of a project with the predictable 2-3% inflation
  - In prior years, the City of Nanaimo (the City) has averaged 5% under budget for most projects
  - Staff contacted Vancouver Island Construction Association regarding issues in receiving competitive bids for projects and were told increased operating costs, supply chain issues/disruptions, and skilled labour shortages are effecting the bids
  - Projects that were unable to be delivered in 2022 (based on updated cost estimates due to inflation and not having competitive bids) are Albert Street, Midtown Gateway, and Terminal Avenue Phase 1
  - Future expectations for projects based on the research of professional cost consultants is a large escalation of 5-7% inflation a year for the next three years

Committee discussion took place. Highlights included:

- PVC pipe is a example of a current construction industry supply chain issue the City is facing when completing projects
- The materials to create things like resin is in short supply which is the material that creates PVC pipes
- Partnering with Vancouver Island University (VIU) for the engineering technologist program regarding the co-op students to be used by the City
- Financial limits are in place for Staff to move money when projects are over or under budget
- During annual budget processes and preparations, Staff disclose to Council the projects with funding requirements that exceed the budget by a large threshold and projects unable to be completed

- Reports by Staff in the future should include dollar figures, if possible, instead of just percentages for each project
- Re-examination of all projects currently in the queue and re-evaluation of each one individually to look at the inflated costs and market conditions affecting the project's budget
- Building less and its impact on Staff's capacity and ability to complete projects

b. COMMUNITY WELLNESS/LIVABILITY:

1. Affordable Housing Strategy - Annual Implementation Update

Dale Lindsay, General Manager, Development Services/Deputy CAO, advised the Committee that the three reports relate to implementation of the Affordable Housing Strategy that Council endorsed and the measures Council could take to support affordable housing in the community.

Presentations:

1. Christy Wood, Social Planner, Community Planning.

- 50% of housing starts as rentals in the market represents a positive indicator of increasing the supply of the Affordable Housing Strategy (AHS)
- In 2021, Nanaimo exceeded AHS target of 70% for multi family dwelling units, and the 50% target for apartment units
- North Grove apartments were fully leased within 90 days of completion
- The City has exceeded the 20% target in 2021 to have 2 to 3 bedroom rental units with a total of 44%
- 858 Georgia Avenue is operated by Nanaimo Affordable Housing Society (NAHS) and funded through the BC Housing - Housing Hub Program
- In a three to five year period, Nanaimo will need to build 200 – 240 supportive housing units and 400 – 600 below market rental units to keep up with demand
- There is a need to have 100-120 rent supplements for access to independent living in market rentals
- The City is on track to meet the supportive housing targets
- 250 supportive units have been opened since 2018
- Community amenity spaces were included in the 702 Nicol Street project for outside community groups to use
- 351 below market rental units have been created in Nanaimo since 2018 with additional units planned
- The City funded 59 Rent Supplements and 56 Rent Bank Forgivable Loans and BC Housing provided 113 Homeless rent supplements and 1,197 private market rent supplements to Nanaimo residents in 2021

Council discussion took place regarding rent bank forgivable loans being counted in the rent supplement numbers and the difference between the two.

Christy Wood, Social Planner, Community Planning, continued the presentation. Highlights included:

- 80 short-term rental business licences have been approved since 2022-APR-01
- Encouraging infill by applying exemptions for development permits to have up to 4 dwelling units per lot
- Reducing Development Cost Charges (DCC's) to aide not-for-profit housing
- Since 2012 there have been 6 fee simple row house developments approved
- An average of 64% of all new single family dwellings were built with a secondary suite
- Secondary suites are not calculated by Canada Mortgage and Housing Corporation (CMHC) in their vacancy rates
- DCC's are welcomed by affordable housing providers
- Community amenity contributions (CAC's) will be waived for non-market rental units, and have a reduction of 50% for CAC's when there are secured rental dwellings
- For the developer to gain density in a project, they must have enough points from additional amenities and types of affordable units for it to be approved
- In the last few years the City has seen a focus on purpose built rentals
- Encouragement of 2-3 bedroom family friendly rentals that are appropriate for larger or extended families is a priority and a market study is underway to support this objective
- Accessible and adaptable units would allow residents to age in place, and this objective will be supported by a market study
- The Systems Planning Organization (SPO) will be used to implement the Health and Housing Action Plan (HHAP)
- The 2020 Memorandum of Understanding (MOU) between the City and BC Housing agrees to 7 developments
- The Housing Needs Assessment will be completed by December 2022
- The average price of a single family dwelling in 2021 was \$761,000 which increased to \$933,000 in 2022
- A healthy vacancy rental rate is 3% with Nanaimo sitting at 1.8% in 2021 from 1% in 2020
- The CMHC average rental rate includes long-term tenants who were rented to at lower rates in years' past and does not accurately reflect rent rates today, which is a higher amount
- The market study will show costs and barriers to larger units or accessible and adaptable units being built and determine what the threshold is that limits developers completing them
- Ground orientated units are important for accessibility, larger families, and have the ability to have a range of options
- Seafield Manor provides seniors housing and provided the addition of a building within the existing property

2. Andrea Blakeman, Chief Executive Officer, Nanaimo Affordable Housing Society, continued the presentation:

- NAHS is a non-profit and a charity created in 1990 with its first housing development completed in 1996
- Rent geared to income homes are reviewed annually which is calculated at 30% of their monthly income going to rent
- NAHS has 19 properties with 678 affordable homes who rely on partnerships with Vancouver Island Mental Health, Haven Society, Nanaimo Association for Community Living etc. for home supports and other aide
- NAHS acquired properties from Lions Club, Mount Benson Senior Citizens' Society, and others
- #10 Buttertubs Drive is funded by two separate funding agreements for residents
- The employees at NAHS put their heart into their job and that is the difference at their affordable housing sites
- Any monetary relief, aide in reduction of fees, DCC relief counts towards lowering the rents for NAHS tenants
- Maintenance is included in the rigorous budgeting process including a maintenance team when creating a new project
- The project for Parksville had a waiting list of 280 people as of November 2021
- All projects have waiting lists except for specific placements from VIHA with an average wait of 7-10 years

Council discussion took place. Highlights included:

- Preventative tactics when creating large affordable housing units and avoiding ghettos over time
- Waiting lists are long for affordable housing, and there is a need for all types of affordable housing in Nanaimo
- Maintenance issues are a large part of housing not being kept up, but NAHS has its own maintenance staff
- Low end market rentals (LEM) means 10-15% below market rents
- When acceptable limits of income is surpassed, the tenants are given notice to move out of low income housing
- NAHS has a 3 year contract with Vancouver Island Health Authority to pay support staff

3. John Brendan McEown, Director, Regional Development Vancouver Island Region, BC Housing, continued the presentation. Highlights included:

- 702 Nicol Street, named Samaritan Place, opened in March, 2022 and is operated by Island Crises Care Society with rents at the income assistance rate
- BC Housing has currently started the building permit process with Staff at 285 Prideaux Street
- There is ongoing community engagement for 355 Nicol Street in partnership with Snuneymuxw First Nation (SFN)

- Two projects have started for woman and children affected by violence
- Several affordable housing programs are provided by BC Housing that target multiple areas of the housing continuum
- Rental rates vary per project with all being below market rent
- Housing Hub department through BC Housing delivers rental and affordable home ownership for middle income earners
- BC Housing has moved away from transitional housing units due to low housing stock for individuals ready to transition
- City of Port Alberni is a smaller size and the number of units vary based on their approval process
- Semi supportive housing has no availability in the market place for individuals to go as there is not enough units available
- BC Housing is planning into the future due to rising construction costs and inflation
- Land availability and the ability to build on the land quickly helps more projects come to fruition
- The modular units do not provide a monetary costs savings, but can save time in construction as long as there are no supply chain issues

Committee discussion took place. Highlights included:

- 2018 the City had asked BC Housing for second and third stage supportive units to transition people to less supports
- Port Alberni has 2 stage and 3 stage supportive units
- Port Alberni has 10 different affordable supportive housing projects
- Increases in costs of buildings and the impacts of the funding from BC Housing and new housing projects to be built in 2023
- Bypassing barriers in Nanaimo and scaling up efforts to create as much housing as needed
- Large waitlists for those with mental health issues and the ability to house larger families in appropriate units

## 2. Proposed 2023 Initiatives to Increase Affordable Housing

Introduced by Dale Lindsay, General Manager, Development Services/Deputy CAO.

### Presentation:

1. Christy Wood, Social Planner, Community Planning, presentation continued from Affordable Housing Strategy - Annual Implementation Update. Highlights included:
  - Affordable housing ideas from other municipalities were researched to help the City get through housing bottlenecks and setbacks
  - Inclusionary zoning requires a percentage of a development to be affordable housing in their multi-family units
  - BC does not have the legislation to have mandatory inclusion zoning and can only have voluntary inclusion zoning reached with incentives

- Nanaimo uses incentives that award developments with additional density for secured housing projects if they provide rental, secure or affordable housing in the development
- The City of Langford currently has been building attainable housing stock with a portion of development fees going towards first time home buyers down payments and has now mandated a pilot project in 2022 that a minimum of 5% of the units are to be sold as attainable housing stock

Committee discussion took place regarding development fees, costs of Staff time to process the developments, and how the much of the fees would have to increase or be supplemented from the housing fund to try the attainable housing stock pilot program.

Christy Wood, Social Planner, Community Planning, continued the presentation. Highlights included:

- Tax exemptions can be used to encourage development of affordable housing and preservation of rental housing
- Permissive tax exemptions were offered in the City of Victoria for special needs and supportive housing properties including short term emergency crisis protection, halfway houses, transitional homes and group homes, if they meet the criteria
- The City of Kelowna uses a revitalization tax exemption program to offer developers relief from a share of the municipal taxes for purpose built rental housing
- The City of Kamloops offers a downtown revitalization tax exemption similar to Nanaimo that can reduce the taxes up to 100% for multi family units and residential construction in downtown areas

Committee discussion took place regarding which property tax exemptions would be for non-profit companies and the for-profit company's ability to also receive a tax exemption if building multi-family units in the downtown area.

Christy Wood, Social Planner, Community Planning, continued the presentation. Highlights included:

- Province of BC enacted the rental tenure zoning authority to BC municipalities to protect rental tenure with the BC Supreme Court upholding municipalities rental residential zoning powers
- Removal of exclusionary zoning can create inclusive housing forms allowing for duplexes or triplexes on single dwelling lots
- Preferential and expedited processing is an approach that can be used to fast track affordable housing developments over other applications and eliminate processes once expedited
- A municipality has delegated all affordable housing development permits to staff who were given the ability to consider all variances
- Municipalities have created their own Housing Authorities to raise funds and provisions for land to build affordable housing
- The pre zoning approach has been implemented in other areas to no longer require public hearings for any projects that are non profit, co-op housing, or government agents to support affordable housing

Council discussion took place. Highlights included:

- Differences between the current City's zoning in the proposed OCP and the pre zoning process which supports and encourages affordable housing in appropriate areas of town
- Building and managing rental housing as a Housing Development Corporation in the City
- Taking a more active role in development processes for affordable housing with partnerships or developing our own corporation
- Concerns regarding removing decision making powers from elected officials and giving it to Staff as well as not having a Public Hearing for citizens to voice their opinions
- The amount of rentals for all demographics in Nanaimo and the markets inability to keep up with the ratio needed

Staff and Committee discussion took place regarding securing funds to seed and support non profits taking steps to build affordable housing, securing zones requiring rentals for the future to have clear expectations in the development community, and current rental vacancy rates being low which prevent apartments being able to strata convert into a condo unit.

It was moved and seconded that the Governance and Priorities Committee recommend that Council endorse the Staff recommended projects for 2023 to support and increase affordable housing in the City of Nanaimo as presented in the report dated 2022-JUN-27 by Christy Wood, Social Planner and Lisa Brinkman, Manager of Community Planning.

Committee discussion continued. Highlights included:

- Proceeding faster than the past and get options like pre zoning done right away with more emphasis on infill
- Building permit pre approved packages being available for spec homes when lots meet specific criteria to alleviate wait times
- 85%-90% of the public were opposed to not having public hearings
- Removing exclusionary zoning through DPA forms and guidelines and giving the ability to go directly to building permit stage when it is a four plex or fewer
- Acquisition strategy is a missing piece on how the City will spend the money from the Housing Legacy Reserve
- Housing Development Corporation would not be feasible to be created by 2023
- Rent supplements at the cost of a 1% tax increase could provide housing supplements for 300 people at \$300 per month

Staff advised the Committee that the proposed 2023 initiatives were not done in priority order and the education piece is aimed at developers and new home owners to show options and incentives that the City could provide them.

Committee discussion continued. Highlights included:

- The City can concurrently process a development permit and a building permit assuming no variances are required



- Time saved by fast tracking permits would be for consultants preparing the work and removes barriers and the design approval process
- Ground orientated developments like four plexes are now seeing a uptake in 2022
- If the City hits a threshold in affordable housing gains it can look again at developing a Housing Development Corporation
- The Systems Planning Organization will also be looking at the proposed affordable housing initiatives for 2023

It was moved and seconded that the Governance and Priorities Committee recommend that Council endorse the Staff recommended projects for 2023 to support and increase affordable housing in the City of Nanaimo as presented in the report dated 2022-JUN-27 by Christy Wood, Social Planner and Lisa Brinkman, Manager of Community Planning. The motion carried unanimously.

It was moved and seconded that Staff add to the proposed projects for 2023 to explore options to increase local capacity for the development of non-market affordable housing through the provision of land and financing through funds and corporations.

The motion was defeated.

*Opposed: Mayor Krog, and Councillors Armstrong, Bonner, Maartman, and Thorpe*

6. QUESTION PERIOD:

Council received no questions from the public regarding agenda items

7. ADJOURNMENT:

It was moved and seconded at 4:31 p.m. that the meeting adjourn. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER