

DATE OF MEETING January 9, 2023
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SUBJECT AFFORDABLE HOUSING UPDATE

OVERVIEW

Purpose of Report:

To present to Council the Affordable Housing Strategy implementation initiatives that are completed, ongoing, and upcoming.

BACKGROUND

The two key documents that provide guidance for the provision of affordable housing in the City of Nanaimo are 'City Plan' (2022) and the 'Affordable Housing Strategy' (2018).

City Plan states that *“For Nanaimo to remain a great home to people of all income levels, it is critical to maintain a stock of affordable housing and create opportunities for new affordable homes. Affordable housing includes housing across the entire housing continuum from temporary shelter, to social or supportive housing, non-market housing, market rental, and home ownership.”*

The five objectives outlined in the Affordable Housing Strategy are:

- 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; and,
- 5) Strengthen partnerships and connection.

Many of the policy directions in the Affordable Housing Strategy (AHS) have been completed, some projects are currently underway, and several projects are proposed to be completed in 2023 as described in this report.

DISCUSSION

Completed Affordable Housing Initiatives

Restrict short-term rentals

The short-term rental regulations were adopted in February 2022, and allow the City to monitor short-term accommodations and protect the rental market by only allowing property owners to rent out a portion or all of their primary residence on a short-term basis (and not allowing short-term rentals of any additional residences). In addition a short-term rental Operator's Guide was created to support and educate operators. The City began accepting short-term rental business licence applications on 2022-APR-01. As of 2022-NOV-30, 165 short-term rental business

licences have been approved. After a full year of receiving business licences for short-term rentals, Council may direct Staff to review the program and consider options for enforcement for the purpose of protecting the rental market for long-term tenants.

Update approach to density bonusing

Schedule D of the Zoning Bylaw contains a list of amenities that a developer can provide in order to achieve more residential units or density within a development than the base zoning designation allows (without requiring a rezoning process). Points are awarded for various amenities in Schedule D, and the developer must achieve a certain total of points to be able to gain additional density. In June 2021, an amendment to Schedule D was approved which awards points when purpose built rental units are secured, and awards points for secured affordable ownership units, affordable rental units, and non-market housing units. The objective is to incentivize and increase the supply of both rental units and non-market units in the city. Further updates to Schedule D are being considered to promote affordable housing, family friendly housing and adaptable/accessible housing and will be presented to Council in 2023.

Continue to support non-market housing development

The "Development Cost Charge Bylaw 2017 No. 7252" contains a provision allowing for a 50% reduction of Development Cost Charge (DCC) fees for not-for-profit rental housing when at least 30% of the units are secured with a housing agreement such that rent does not exceed 30% of before tax income. DCCs are charged at the time of building permit for new development to pay for the new or expanded infrastructure such as sewer, water, parks, and roads. Since 2018, a DCC reduction has been approved for seven affordable housing developments in accordance with the DCC Bylaw reduction provisions for a total of 287 units.

Update the community amenity contribution policy

In November 2021, Council endorsed a new Community Amenity Contribution (CAC) Policy, which states that for rezoning applications received after 2022-JAN-01 the monetary amenity contribution rate is increased. The CAC Policy also stipulates a monetary amenity contribution rate increase in January 2023, 2024, and 2025, and states that 40% of all monetary contributions be directed to the Housing Legacy Reserve Fund. The increased contributions to the Housing Legacy Reserve Fund will allow the City to support more affordable housing initiatives in the future. In addition, the CAC Policy states that the CAC rate is reduced by 50% for secured market rental dwelling units, and the CAC rate is waived 100% for secured non-market rental dwelling units to incentivize the development of these types of units in the city.

Infill and intensification in neighbourhoods

A new exemption was approved by Council in July 2022 in Development Permit Area 8 (DPA8) which specifies that a development permit is not required for "Construction that is limited to no more than a total of four dwelling units on one lot" (except in the Old City area). The purpose of this exemption is to encourage infill in residential areas by allowing a 2-4 unit development to proceed directly to the building permit stage. The objective is to increase the number of ground-oriented duplexes, triplexes, and fourplexes.

Other ways that the Zoning Bylaw supports infill in residential areas is by allowing a secondary suite as an accessory use to single-family dwellings or in an accessory building (coach house).

Council has directed that in 2023, Staff review and expand the secondary suite and coach house regulations to find ways to expand and provide flexibility for more secondary suites and coach houses in the city.

The City's "Revitalization Tax Exemption Bylaw 2018 No. 7261" encourages multi-family units in the downtown area by offering a tax exemption, on the municipal portion for a 10-year term, for new multi-family units. Two developments approved in the downtown that have used this incentive in 2022 are: 1) 197 rental units at 400 Fitzwilliam Street (DP1214); and 2) 163 rental units at 340 Campbell Street (DP1223).

To allow for efficient application processing times, and remove barriers to affordable housing, all development permit applications for multi-family use that are 100 units or less are delegated to the General Manager of Development Services (if the development proposal does not have variances that are greater than 50% of what the Zoning Bylaw requires).

Ongoing Affordable Housing Initiatives

Housing Needs Report

In accordance with Section 585 of the *Local Government Act*, a Housing Needs Report is being completed by consultants and will be presented to Council in February 2023. The Housing Needs Report will provide information regarding the demand for and supply of housing in Nanaimo using 2021 Census Data, and will inform the proposed 2023 affordable housing initiatives. The report will update and replace the 2020 regional Housing Needs Assessment.

Family Friendly Housing Policy

Both City Plan and the Affordable Housing Strategy call for the creation of a family friendly housing policy. A market study has just been completed by consultants to support this project. The information from the market study and housing needs report will inform policy revisions to increase the number of family friendly units. Amendments to the Zoning Bylaw and Development Permit Guidelines are being considered to ensure multi-family developments are more family friendly.

Adaptable/Accessible Housing Policy

The Affordable Housing Strategy calls for the City to develop a policy that requires a minimum percentage of residential units as part of a rezoning application to be either accessible or adaptable. Adaptable housing requirements are modest improvements to accessibility and adaptability in residential buildings that make it easier for people to remain in place as they age and/or experience illness or injury. A market study has just been completed by consultants to support the creation of an Adaptable/Accessible Housing Policy. The information from the market study and housing needs report will inform a rezoning policy to increase the number of adaptable and accessible units. Amendments to the Zoning Bylaw and Development Permit Guidelines may also be considered to increase adaptable and accessible housing.

BC Housing Memorandum of Understanding

The 2019 Memorandum of Understanding (MOU) agreement between BC Housing and the City of Nanaimo includes developments for seven housing projects on six sites around the city. Three affordable rental housing developments with approximately 120 homes for people with low to

moderate incomes are in various stages of planning and development. There are four supportive housing developments with approximately 190 homes for people experiencing or at risk of homelessness being planned for the community. At 702 Nicol Street, 51 supportive units opened in spring 2022, and an additional 51 units are scheduled to be completed at 285 Prideaux Street in 2023. Additionally, the City is exploring an addendum to the 2019 MOU to provide more sites for affordable housing developments.

Support the development of a local rent bank program

In January 2021, Council allocated \$90,603 from the Housing Legacy Reserve Fund to the John Howard Society to operate a rent bank. A rent bank is a short term or temporary homelessness prevention tool that helps to provide housing stability for low to moderate income renters who are unable to pay their rent or utilities due to life circumstances. Staff are currently working with Connective (formally the John Howard Society) to review the successes of the rent bank program in 2021 and 2022, and will provide a report to Council with recommendations for 2023.

Upcoming Affordable Housing Initiatives

At the 2022-JUN-27 and 2022-JUL-18 Governance and Priorities Meetings, a list of projects to promote affordable housing in Nanaimo was discussed, and at their meeting on 2022-OCT-24, Council supported the list of projects as presented in 2022-JUN-27 with a prioritization of:

- 'Infill and intensification in existing neighbourhoods' and 'Expand Secondary Suite Policy and Update Coach House Policy'; and
- Complete an analysis of Urban Centre and Corridor land use designations with the objective of pre-zoning appropriate parcels for affordable housing.

A summary of the Council supported 2023 affordable housing projects is summarized below.

Infill and Intensification in Existing Neighbourhoods and Expand Secondary Suite Policy and Update Coach House Policy'

Objective 2 of the Affordable Housing Strategy (AHS) is to 'support infill and intensification in existing neighbourhoods.' To meet this objective the AHS recommends updating the secondary suite and coach house policies, as well as reviewing existing residential zones to consider the potential for allowing a higher number of units on each lot. This is supported by a desired outcome in City Plan to equitably distribute affordable housing options across all residential areas.

Pre-Zoning Land in the Urban Centre and Corridor Designations

This project involves completing an analysis of Urban Centre and Corridor land use designations in City Plan, with the objective of pre-zoning appropriate parcels for affordable housing, and to align densities in the Zoning Bylaw with City Plan density targets. Policy C3.2.2 in City Plan states: "Assess sites for affordable and supportive housing projects to identify those that will best meet the needs of the target population".

Review of Delegation Bylaw to consider increasing the delegation of development permits for affordable housing.

This project would involve the consideration of new criteria for the delegation of development

permits to the General Manager of Development Services for affordable housing, such as delegating authority for the approval of non-market rental housing and supportive housing.

Tenant Relocation Policy

An affordable housing policy in City Plan is to “require tenant relocation plans as a condition of rezoning or redevelopment of existing mobile home parks and purpose built rental buildings of four or more units.” The tenant relocation policy would provide a guide for developers, the community, Council, and Staff in dealing with tenant relocation as a result of redevelopment of existing residential housing sites. In accordance with direction in the AHS this project would involve:

- Continuing to support the City’s Strata Conversion Policy, and review of the policy to determine if tenant relocation considerations can be improved;
- Requiring tenant relocation plans as a condition of approving the redevelopment of existing rental housing; and,
- Establishing a unit minimum at which a tenant relocation plan is required.

Schedule D Update to Further Incentivize Affordable Housing

The City has regularly updated Schedule D of the Zoning Bylaw to ensure that the density bonus provisions provide the amenities needed by the City. In 2021, Schedule D was updated to incentivize purpose built rentals and non-market housing units. Further amendments to Schedule D could be considered to provide more incentives for the types of housing needed in Nanaimo, such as family friendly units and adaptable/accessible units. In addition, the Affordable Housing section of City Plan calls for amenities to be encouraged such as innovative forms of home ownership or rent; amenity spaces that promote resident interaction; childcare and elder care spaces; and space for wellness programs.

Consider Not Requiring a Public Hearing at Rezoning

This project would involve evaluating a recent update to the *Local Government Act*, which removes the default requirement for local governments to hold public hearings for zoning bylaw amendments that are consistent with an Official Community Plan (OCP), to determine if this can support and encourage affordable housing developments. Staff would also conduct research of how other municipalities have implemented the removal of public hearings for zoning bylaw amendments, and review whether this has supported and encouraged affordable housing developments.

Provide education and awareness to developers and other housing providers on ways the City supports affordable housing

The AHS calls for the City to do ongoing research and information sharing, as well as public outreach and leadership, to raise awareness of local housing issues and build support for the types of housing that is needed. While education to the development community is ongoing, the purpose is to maximize awareness and uptake of existing opportunities to provide affordable housing. This would include updating the City’s publications and online resources, and finding other ways to communicate with developers and other housing providers the innovations and opportunities that exist to create housing in Nanaimo, and to ensure regulations are clearly

communicated to assist with application processes (e.g. creating a user-friendly guide for Housing Agreements).

The proposed timeline for presenting upcoming affordable housing initiatives to Council in 2023 is as follows:

2023	AFFORDABLE HOUSING PROJECT/INITIATIVE
FEBRUARY	Housing Needs Assessment
SPRING	Expand Secondary Suite Policy and Update Coach House Policy Infill and Intensification in Existing Neighbourhoods
	Family Friendly Housing Policy – includes Schedule D updates
	Adaptable/Accessible Housing Policy – includes Schedule D updates
	Rent Bank Review and Recommendations
	BC Housing MOU Addendum
FALL	Complete an analysis of Urban Centre and Corridor land use designations with the objective of pre-zoning appropriate parcels for affordable housing
	Tenant Relocation Policy
	Consider not requiring a public hearing at rezoning
	Review of Delegation Bylaw to consider increasing the delegation of development permits for affordable housing.
ONGOING	Provide education and awareness to developers and other housing providers on ways the City supports affordable housing

CONCLUSION

Implementation of City Plan affordable housing policies and the AHS's action items will continue with several projects completed, ongoing, and scheduled to be completed in 2023.

SUMMARY POINTS

- City Plan (2022) and the Affordable Housing Strategy (2018) provide guidance for the provision of affordable housing in the city.
- Several action items in the Affordable Housing Strategy are completed and ongoing, with a list of initiatives scheduled to be completed in 2023.

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