

## ***Executive Summary***

The Capital Region's Regional Growth Strategy recognizes housing affordability as a regional priority and key to its successful implementation, together with the Transportation and Economic Development Strategies.

The goal of the Regional Housing Affordability Strategy (RHAS) is to improve housing affordability for residents of the Capital Region<sup>1</sup>, ensuring they have reasonable choice of housing by type, tenure, price, and location. The challenge is to identify how this can be achieved in a changed and changing public policy environment where traditional approaches are no longer available.

### **What Is Housing Affordability?**

Affordability means different things to renters and to owners. Although every person in the housing market is affected by mortgage rates, either directly or indirectly, owners are affected much more directly than renters. When mortgage rates are low, as they are now, ownership affordability is dramatically enhanced. Many households in the Capital Region are able to buy a house today who would be priced completely out of the market if mortgage rates rose even moderately. Primarily because their incomes are on average much lower than those of owners, renters are almost always much worse off than owners or prospective owners when it comes to housing affordability.

The best definition of housing affordability in Canada, developed by Canada Mortgage and Housing Corporation, is called "core housing need".<sup>2</sup> Households are in core housing need if they cannot find somewhere to live that is in reasonably good condition and is big enough for their household without spending more than 30% of their income. Households who choose to spend more than 30% of their income on housing are not considered to be in core housing need, nor are residents of social housing where rents are geared to income. Since they don't have a home to pay too much for, the homeless are likewise not included in the count of core need households.

### **How Big Is the Affordability Problem in the Capital Region?**

In 1996, over 22,000 households were in core housing need – 1 in every 6 households, 1 in every 3 renter households or 16,000 households, and 1 in every 13 owner households or 6,000 households. On a geographic basis, the largest number of core need renters live in Victoria (over 9,000 households) and Saanich (over 3,000 households). However in proportion to the total number of renters, Langford is highest at 42% followed by Victoria (41.6%), Esquimalt (38.9%), and Sidney (36.2%). More than half of owner households in core need were family households, half located in Victoria (1,425) and Saanich (2,060).

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<sup>1</sup> The area covered by the Regional Housing Affordability Strategy excludes Salt Spring Island and the Southern Gulf Islands (as they are included in the Islands Trust for planning purposes) and Indian Reserves.

<sup>2</sup> A detailed explanation of the methodology used to develop core housing need data is included in Appendix A.1. Data based on the 2001 Census will not be available until sometime in 2004.

Between 1991 and 1996 the incidence of core need escalated significantly. Although core need data from the 2001 Census will not be available until 2004, it is entirely possible that the number of households in core housing need will be higher in 2001 than it was in 1996. In addition, if interest rates begin to move up again, the impact on ownership affordability in the region will be dramatic.

### **Why is Housing So Expensive in the Region?**

Housing costs are largely a function of four key variables: land, construction costs, mortgage interest rates, and a group of other expenses sometimes referred to as 'soft costs' (e.g. legal fees, engineering fees, interest during construction, a wide array of government fees and charges, local government approval processing time, public process, and marketing expenses). The most significant variable contributing to higher housing costs in the Capital Region is the cost of land.

### **Why Should the Region Care?**

Housing is a cornerstone for building strong communities and access to housing is pivotal to community stability – it is a key determinant of a healthy community. Where and how people live not only affects individual health, but the social and economic well-being and character of the whole community.

### **Why is a 'Regional' Strategy Needed?**

A changed and changing external environment requires a new approach for dealing with housing affordability within the region. Senior governments are no longer as actively involved in providing new housing and supportive programs as they once were. Within the region the supply of developable land inside the Regional Urban Containment and Service Area is diminishing. To build regional capacity local governments, the community, and stakeholders must work effectively together in implementing strategic choices.

### **What Are the Strategy's Vision, Goal, and Objectives?**

- **Vision:** Improved housing affordability for residents of the Capital Region.
- **Goal:** To improve housing affordability and ensure the availability of a reasonable choice of housing by type, tenure, price, and location, especially for low and moderate-income households, the elderly, youth, those with special health and other needs, and the homeless, over both the short and long term.
- **Objectives:** To create a policy and regulatory environment that will increase the supply of more-affordable housing; to increase the availability of funds for more-affordable housing; to promote and facilitate community partnerships and individual support that will improve housing affordability; and to focus initially on meeting the needs of those in Core Need, especially low-income renters.

## **‘Growing Capacity’ – What Are the Strategic Directions?**

There is no single or simple solution to improving housing affordability. Concerted action on many fronts will be required. The Strategic Directions involve a collaborative, flexible and pragmatic combination of actions to ensure housing choice and improve affordability by building and leveraging government, private/ not-for-profit, and community resources for initiatives that respond to local needs in the short, medium and long term throughout the Capital Region.

### **Seven Strategic Directions Have Been Identified**

1. Raising and leveraging additional funds for more-affordable housing.
2. Reducing policy and regulatory obstacles to facilitate the provision of more-affordable housing.
3. Encouraging intensification to improve housing affordability.
4. Utilizing public lands to support housing affordability.
5. Encouraging self-help initiatives by community organizations and individuals to increase the supply of more-affordable housing.
6. Maximizing the use of existing senior government housing programs and advocating for increased funding for more-affordable housing.
7. Improving awareness, changing attitudes and building support for more-affordable housing.

For each of these Strategic Directions, there are a number of strategic recommendations set out in a matrix: each is identified, a brief rationale provided, as well as its priority, associated costs and benefits, time frame, and responsibility centre.

### **How Will the Strategy Be Implemented?**

Implementation can be a very complex process encompassing a myriad of factors. Many partners will be involved in implementing the Strategy and the combination of partners will vary depending on the action undertaken, its timing, and the resources available. For these reasons, it is impossible to provide a detailed implementation schedule for every strategic action.

However, there are four strategic actions whose implementation in the short term is key. Critically important for the success of the Strategy are the Regional Housing Fund, the Regional Housing Resource Centre and Facilitator, the Harmonization of Municipal Development Regulations, and Incentives for the Preservation of the Existing Rental Stock.

### **How Can Success Be Measured?**

There are two ways progress towards meeting the Strategy’s vision and goal can be monitored – on the basis of directly measurable targets, and on the basis of more indirect measures.

#### **Targets:**

- Households in core need: by the next Census in 2006, the number of households in core need on a percentage basis in each municipality will be less than was the case in 2001.

- The regulatory framework: by 2004, a harmonized set of development regulatory forms and procedures, including standardization of information requirements, definitions, and fees is adopted by local governments throughout the region.
- Secondary suites: by the next Census in 2006, the number of secondary suites has increased by 10% and secondary suites have been legalized in all municipalities.
- Denser housing forms: by the next Census in 2006, the proportion of denser housing forms in each municipality will be higher than it was in 2001.

In addition to the targets, it is critical that key indicators be monitored on an ongoing basis: e.g. new housing starts by type, price range and location; resale housing sales by type, price range and location; vacancy rates and rents; land and building costs; population and household growth by municipality; household formation data (type, size, age group of household maintainer); household incomes; dwelling unit characteristics (type, tenure, location, condition, size); core need data; social housing waiting lists. demolitions and conversions (where available); and rental housing quality.

It is also critical that a monitoring and reporting program is established. This involves:

- assigning accountability for the achievement of results;
- designing the monitoring system and selecting performance measures;
- creating a monitoring and reporting schedule;
- collecting monitoring data;
- reporting monitoring results; and,
- revising action plans and/or targets.

## **The Appendices**

The Appendices include: a definition of core housing need and how it is calculated; a description of the methodology used to develop the Strategy; a Glossary of Terms, and selected background statistics.