

Final Consultant's Report
**A Proposed Housing Affordability Strategy
for the Capital Region -
for Review and Discussion**

July 2003



Final Consultant's Report

**A Proposed Housing Affordability Strategy
for the Capital Region -
for Review and Discussion**

July 2003

Prepared by:
Urban Aspects Consulting Group Ltd.
Lumina Services Inc.
G.P. Rollo & Associates Ltd., Land Economists
for
Regional Planning Services
Capital Regional District

The Regional Housing Affordability Strategy is being developed by a partnership of the CRD,
Vancouver Island Health Authority, Capital Regional Hospital Board,
Canada Mortgage and Housing Corporation and the Capital Regional Housing Corporation



Table of Contents

Section		Page
<i>Executive Summary</i>		3
1.	Introduction	7
2.	What is Housing Affordability?	7
3.	Housing Affordability in the Region	8
4.	Why Should the Region Care?	12
5.	Why is a 'Regional' Strategy Needed?	13
6.	What is the Vision?	16
7.	'Growing Capacity' – What Are the Strategic Directions?	18
8.	How Will the Strategy Be Implemented?	41
9.	How Can Success Be Measured?	44
<i>Appendices</i>		51
A.1	Core Housing Need	52
A.2	Project Methodology	53
A.3	Glossary of Terms	54
A.4	Background Statistics	59

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 Region¹, 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".² 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).

¹ 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.

² 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.

1. Introduction

Housing affordability is a significant concern throughout the Capital Region.³ The region is one of the most expensive and least affordable housing markets in Canada. For those with modest or low incomes, finding and keeping decent housing within their financial means is frequently difficult.

The Regional Housing Affordability Strategy (RHAS) is one of three strategies key to the implementation of the Capital Region's Regional Growth Strategy (RGS). The others are the Transportation and Economic Development Strategies. A public opinion poll, taken as part of the RGS process, found that 81% of residents in the region agreed there was a need for a strategy for housing affordability. At the Second Regional Summit, held in September 2000 during the preparation of the Regional Growth Strategy, elected officials concurred on the need to address these strategic elements. In October 2001, the CRD Board approved the initiation of a Regional Housing Affordability Strategy.

The goal of the Regional Housing Affordability Strategy is to improve housing affordability for residents of the Capital Region by ensuring they have reasonable choice of market and non-market 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 for addressing current housing issues.

2. What Is Housing Affordability?

According to CMHC, the cost of adequate shelter should not exceed 30% of household income. Housing which costs less than this is considered affordable.

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 Regional District 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".⁴ 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.

³ 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.

⁴ 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.

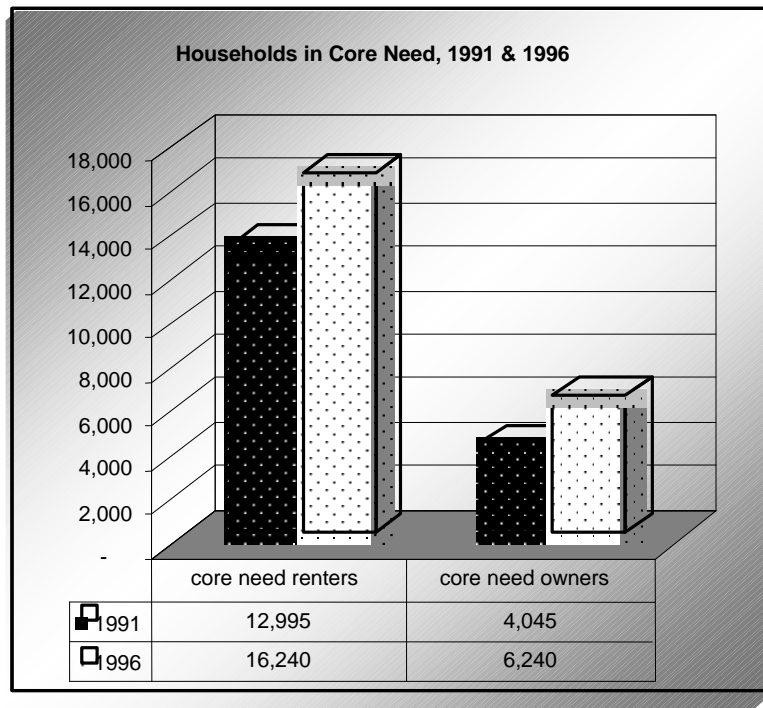
3. Housing Affordability in the Region

In any community there are two basic dimensions to housing affordability. One dimension is the incidence of core housing need – the number of households who cannot obtain adequate housing without spending too high a proportion of their income for shelter. The other dimension is the degree of difficulty that prospective homeowners face in the housing market because of the cost of housing or the level of mortgage rates or both.

3.1 How Big Is the Affordability Problem in the Region?

In 1996, over 22,000 households were in core housing need. To put this number in perspective, Esquimalt, Oak Bay, and Langford together were home to 21,500 households in 1996. More households were in core housing need than the total number of households in all the Western Communities combined.

Looking at the region as a whole, 1 in every 6 households is in core housing need - 1 in every 3 renter households and 1 in every 13 owner households. Between 1991 and 1996 the incidence of core need escalated significantly as the accompanying chart indicates.



3.2 What Has Happened Since 1996?

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. Why?

- In 2001, the apartment vacancy rate plunged to a level (0.5%) not seen since the late 1980s, although it recovered marginally in October 2002 (1.5%).
- Recent rent increases have been roughly double the inflation rate.
- Housing starts have been at reduced levels for a number of years and inventories are very low.
- After years of decline,⁵ house prices have started to increase substantially.
- Between 1991 and 1996, the number of renter households in core need increased by 25% although the total number of renter households increased by only 5%.
- The number of renter households who can afford to buy a home has consistently been lower in Victoria and Vancouver than in any other metropolitan centre in Canada⁶.
- Waiting lists for social housing units are growing quickly. In the first five months of 2002, BC Housing's waiting list tripled compared to the same period in 2001.

3.3 Who Is In Core Housing Need and Where Do They Live?

Of the over 22,000 households in core housing need, 16,000 are renter households and 6,000 are owner households.

Renter households

Two-thirds of the households in core housing need in 1996 were renters, most under age 65. The largest single group of renter households in core need was composed of non-family households with a head under the age of 65.

Renter Households in Core Need, CMA 1996

		%
Single parent families	2,585	15.9
Other families under 65	2,985	18.4
Non-families under 65	6,245	38.4
Seniors	4,430	27.3
Total	16,245	100.0

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%).

Households are in core need because they have incomes that are too low to afford the rent they must pay. How much can they afford to pay?

- Over 10,000 people living alone earning \$15,224/year cannot afford to spend more than \$400/month.
- Over 2,500 lone parent families earning \$18,543/year cannot afford to spend more than \$499/month.

⁵ In Statistics Canada's New House Price Index.

⁶ CMHC, *Renter to Buyer: CMHC's 27 Year Historical Affordability Report 1970-1997*.

- Over 1,330 couples (with children) earning \$24,627/year cannot afford to spend more than \$600/month.
- Close to 4,500 seniors having incomes between \$15,000 and \$22,000 /year cannot afford to spend more than \$400 to \$499/month.⁷

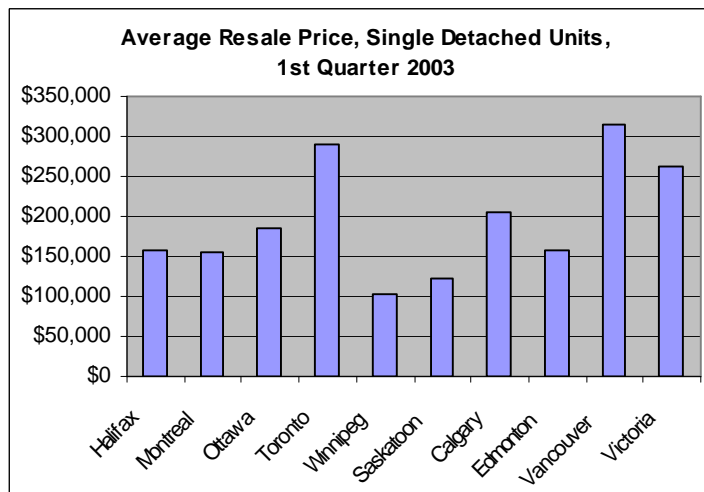
In the Victoria apartment rental market, only about 2,500 of the 24,000 units monitored by CMHC rent for less than \$500 per month.⁸ The other 90% rent for an average of \$501 (bachelors), \$605 (one-bedroom units), \$771 (two-bedroom units), and \$872 (three-bedroom units). Two and three bedroom townhouse units rent for \$767 and \$1,039 per month respectively.

Owner households

More than half the 6,000 owner households in core need in 1996 were family households. Half the total number of owner households in core need were in Victoria (1,425) and Saanich (2,060). Between 1991 and 1996, the number of owner households in core housing need increased by over 50%, from just over 4,000 households to just over 6,000 households.

Prospective owner households

As indicated above, recent historically low interest rates have meant that even Victoria's very high house prices - the third highest in the country after Vancouver and Toronto as the accompanying chart illustrates⁹ - have not deterred buyers. Sales of single detached dwellings were higher in 2002 than they had been since 1992.¹⁰



However, homeownership affordability is extremely sensitive to changes in market interest rates. An increase of even two percentage points would have a profound impact on affordability. For example, if mortgage interest rates rise by only 1.5% from 5.0% to

⁷ Income data from 1996 Census (not adjusted).

⁸ CMHC, Rental Market Survey, 2002.

⁹ Bank of Montreal Housing Report, First Quarter, 2003.

¹⁰ Victoria Real Estate Board.

6.5 %, the minimum household income needed to purchase a new modest single-detached unit costing \$247,550 would increase from \$62,000 (the median household income in the region) to about \$75,400. At a 9% interest rate, the minimum income needed to buy exactly the same house would increase to \$90,000, meaning that the purchase of a modest new single-detached dwelling unit would be out of reach for most households.

Local governments have absolutely no control over mortgage rates. When (not if) they begin to move up again, the impact on ownership affordability in the region will be dramatic. Even if rates decline further for a period of time, the impact will not be sufficient to alleviate the lack of affordability caused by high housing costs. All possible steps must be taken to mitigate the inevitable rise in mortgage rates, which will worsen ownership affordability and increase pressure on an already-tight rental market.

3.4 Why is Housing So Expensive in the Region?

Housing costs for homeowners, landlords and tenants everywhere is largely a function of four key variables: land, construction costs 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), and interest rates (mortgage costs). The most significant variable contributing to higher housing costs in the Capital Region is the cost of land.

To make matters worse, land costs will further **increase** as the supply of developable land inside the Regional Urban Containment and Service Area diminishes, exacerbating the problem for lower income households. RGS forecasts indicate that all capacity for single detached/ duplex units will be consumed by 2011 (or earlier). Capacity for townhouse units will also be exhausted before 2026.

Housing is expensive where people want to live; it is as simple as that. It does not cost much more to build a house in Victoria than it does in Winnipeg or St. John's, but land costs are far more expensive in Victoria. This does not mean that people do not want to live in Winnipeg or St. John's – clearly they do. But generally speaking, more people prefer to live in Victoria than in many other places and this bids up the cost of land.

The Magnitude of the Problem

At the beginning of the 21st century, one in six households in the region is in core housing need and homeownership costs are the third highest in the country. Households that depend on low wage, seasonal, or part-time jobs in the service sector are particularly hard hit by high housing costs. Healthy and workable communities depend on affordable housing as a foundation for their vitality. Action is needed now to ensure that the current situation improves in the future rather than worsens.

4. 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 well-being and character of the whole community.

BC Provincial Health Goal #1

Positive and Supportive Living and Working Conditions in All Our Communities

"The most important influences on our health are the conditions we experience in our day-to-day lives. Meaningful work, healthy and supportive workplaces, sufficient income, safe and well designed communities, supportive families and participation in social networks significantly enhance our health."

On a societal level

- High housing costs hinder economic development: residents spending too high a proportion of their income on housing have less money to spend on other goods and services, resulting in significant loss of revenue to local business; high ownership costs and lack of rental accommodation mean that many people who want to buy or rent cannot, potentially creating a less stable work force; housing that is too expensive for average-income households makes it difficult to attract and recruit qualified workers; labour shortages can mean higher construction costs; high housing costs may deter businesses from establishing or locating in the region; and people, including children who grow up in a community, who want to find housing they can afford or improve their housing conditions may have to move away.
- High housing costs impact health care and social service costs, already a significant portion of provincial and federal budgets. "A lack of adequate and appropriate housing will directly result in increased costs in the health and social service sectors, by increasing the need to access other social and medical support and treatment services."¹¹ Yet without adequate housing it is difficult for an individual to maintain health, to access health services or be able to make use of available services. Interventions required for those who do not have adequate housing are generally some of the most expensive in our social welfare system (e.g. health care, income subsidy, and the justice system). The provision of safe stable housing can reduce many of these costs.

At the community/ local government level

The design of communities, in which housing and housing related services play a significant role, is essential for improving and maintaining quality of life for all residents.

¹¹ 'Health and Housing', *Capital Region Trends*, Vol. 17 No. 1, April 2001

In many communities, housing is the single largest land use. Local governments are partners with the community in maintaining the social and economic well-being of residents by supporting the development of stable neighbourhoods and a range of life cycle options responding to residents' housing needs for access, affordability, choice, and diversity. They provide supportive community social and physical infrastructure through the provision of: recreational and cultural space and programs, safety and security services; protection from hazards; access (roads, pedestrian and cycling pathways, transit); and community development grants.

Federation of Canadian Municipalities

“The importance of high quality, safe, stable and affordable housing is becoming apparent to increasing numbers of agencies in society. For example, police forces, educators, social service providers and health workers are realizing there is a direct correlation between the quality and availability of appropriate housing in a community and the well-being and functional capacity of that community.”

At the individual level

- Housing at its most basic provides a *physical structure* is essential for keeping people warm and dry. Housing that is cold, damp, unsanitary, in poor repair or in an unsafe neighbourhood can contribute to disease or injury.
- Housing is a component of socio-economic status – representing the largest monthly expenditure for most households. If housing consumes too much of available income, families or individuals can face difficult choices that can affect their health, e.g., sacrificing the budget for food, clothing, or other necessities, sharing housing with other individuals or families leading to overcrowded living conditions, or working longer hours to cover housing costs.
- Housing conditions can either support or disrupt personal social networks, important for maintaining health: having to move frequently because of high housing costs impacts opportunities for employment and training and the ability to sustain social networks. Children in such families are particularly vulnerable to stress, health and dental problems, and at an educational disadvantage that perpetuates the poverty cycle and ultimately the cost to society.

5. Why Is a ‘Regional’ Strategy Needed?

A changed and changing external environment requires a new approach for dealing with housing affordability within the region. The Regional Housing Affordability Strategy cannot exist in isolation – for it to be effective it must deal with and adapt to shifting senior government, regional and community policies and initiatives.

5.1 Senior Governments

Over the last decade, the role of senior governments has changed markedly. In 1992, the Federal Government withdrew from direct housing provision: they are no longer as actively involved in providing new housing and supportive programs as they once were and the focus has shifted and narrowed.

- In late 2001, the Federal and BC Governments signed an Affordable Housing Agreement to jointly fund affordable housing projects in the province over a 5-year period. Subsequently, the province redirected its programs away from affordable independent family and seniors housing, establishing the Independent Living BC program. Within this program the Vancouver Island Health Authority has been allocated funding for 384 supportive and assisted living units for frail seniors and persons with disabilities.
- In 2001, the National Homelessness Initiative was launched with an emphasis on providing emergency shelter, transitional and second stage housing, and support services for the homeless and those at risk of homelessness.¹²

The result is that moderate and lower income households are facing a housing situation that is very different from even five years ago. Relying heavily on senior governments – the traditional approach for dealing with housing affordability issues – is not adequate. New relationships are needed.

5.2 The Region

By bringing together a wide range of community interests and effectively using their policy, planning, and regulatory powers, local governments have long played a key role in managing growth and development and addressing housing issues, including housing affordability. With the development of the Regional Growth Strategy, this role is even more important. The RGS encourages:

- containing growth by locating a minimum of 90% of the region's cumulative new dwelling units to 2026 within a Regional Urban Containment and Servicing Area;
- concentrating development in eight major centres (revitalized as walkable transit-focused complete communities with a dense mix of business, housing, services and public open space);
- accommodating a minimum of 15% of the region's cumulative new dwelling units to 2026 within the Metropolitan Core; and,
- increasing by the year 2011 the amount of detached and ground access housing in the core municipalities of Victoria, Esquimalt, Saanich and Oak Bay by 5% over 1996 designated capacities.

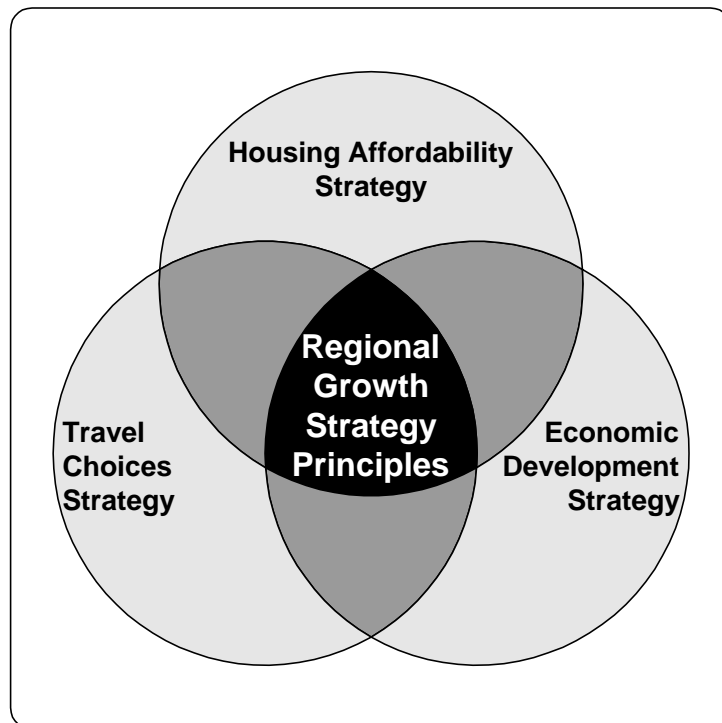
At first glance, containing growth within the Regional Urban Containment and Servicing Area seems to be counter to improving housing affordability by decreasing the availability of land for residential development. A closer examination suggests that densification provides opportunities for improving housing affordability by encouraging

¹² In the first phase (2001-2003) of the NHI, \$2.1+ million was allocated to 29 projects in the City of Victoria. A similar amount is anticipated in the next phase (2003-06).

compatible housing types (e.g. multiple housing forms such as town houses, row housing, apartments, cluster developments, duplexes, and patio homes). The challenge will be to change consumer and resident expectations in terms of housing preferences and neighbourhood development and to obtain political commitment at the local government level.

It will also be important for the Transportation Strategy and the Economic Development Strategy to include policies and actions supportive of housing affordability. Each Strategy has the potential to impact the others – they are interconnected and linked.

- An effective transportation strategy, concentrated on and linking major centres, improves accessibility and the development and use of alternate travel modes. It supports economic development by making it easier and less costly for



commuters, consumers, and goods to reach their destinations. It supports housing affordability by reducing travel and parking costs and encouraging higher density, more-affordable housing forms.

- An effective economic development strategy will sustain economic development, and ensure a stable and diverse labour force. Working people need to be able to find housing they can afford – otherwise they will move elsewhere or have to commute long distances, not only increasing their daily costs, but also impacting the time they might otherwise spend with their families or in other community activities.

5.3 Community Initiatives

In recent years there has been a groundswell of community-based energy and expertise across all sectors directed at housing needs and issues, reflecting the widespread regional concern about the lack of affordability and its impact on the lives of residents. Examples include:¹³

- Housing Affordability Partnership (HAP)
- Quality of Life Challenge (QOL)
- Community Economic Development Corporation (CEDCO) Housing Trust

¹³ These are described in more detail in the *Appendix to Working Paper #2*, p. 7. In recent years there have also been a number of reports dealing with housing issues in the region (particularly secondary suites) – many of these are available from the Capital Region Housing Corporation.

- Affordability and Choice Today (ACT) 2002 Projects
- Capital Region Housing Corporation ‘Suggested Options’
- Victoria Homelessness Initiative
- Vancouver Island Health Authority supportive housing and assisted living initiatives, and
- Media coverage on a regular basis highlighting the lack of housing affordability in the region.

6. What Is the Vision?

The Regional Housing Affordability Strategy is founded on a solid research base and process of community consultation, developed in 3 phases.

- Phase One: Assembling the Database – “The Working Capacity”
- Phase Two: Innovations – “Testing and Building Capacity”
- Phase Three: Strategic Recommendations – “Growing Capacity”

Based on the findings, the need to address housing affordability in the region is clear: the number of people in core housing need is significant; where and how people live not only affects individual health, but the well-being and character of the whole region; and, the complexity of new arrangements resulting from changes in the external environment has changed the way in which housing affordability can be dealt with. A new approach is required – one that is built from within the region itself.

THE VISION

Improved housing affordability for residents of the Capital Region.

THE 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.

THE STRATEGIC PRINCIPLES

- community based
- sustainability
- flexibility
- inclusivity
- choice
- educational
- creativity

THE 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 and that will improve housing affordability.
- To focus on meeting the needs of those in Core Need, especially low-income renters.
- To prevent homelessness and support the transition out of homelessness.

The Strategy proposes finding a new approach from within the local community by:

- building community capacity to manage and implement the Strategy over the long term;
- having the ability to respond to new and changing opportunities and environments;
- meeting a diverse set of local government directions, resources and capacities;
- generating an awareness regionally of housing issues;
- involving community stakeholders and all levels of government; and,
- finding effective ways to use existing resources to broker strategic housing responses to meet diverse interests and needs.

The new Strategy involves local governments, the community and stakeholder groups working effectively together to make strategic choices that build regional capacity.

- Local governments – The wide range in size and diverse nature of local governments in the region means there is a varying level of resources to respond to housing needs.
- Community – Residents in the region require a wider range of house design, range of density, tenure options, cost, location, and financing arrangements to meet their needs.
- Stakeholder Groups – Private and not-for-profit stakeholders can bring resources, commitment, and innovative solutions to expand capacity.

Working together, and with other partners, these groups can help ensure housing affordability issues are addressed.

A Vision for the Future

“The Capital Region Receives Accolades”

In Victoria’s Capital Region, various interests have really worked together to make the region a special place to live for everyone. Faced with housing affordability issues a decade ago, the community has rallied to collaborate and respond with energy and enthusiasm. The results are impressive:

- *Young families with children have greater choices of more-affordable rental housing or ownership opportunities with legal secondary suites to help them with mortgage payments.*
- *Seniors have a wide range of housing choice from independent living through supportive housing to care accommodation.*
- *Singles on lower incomes can choose between secondary suites in family neighbourhoods, or renting attractive, small units, or other housing tenure options in neighbourhoods close to services and public transit.*

In accepting the accolades, the Chair of the CRD echoed the sentiments of the vast majority of residents when she said, “Thank goodness the community had the conviction to act in 2003. With the quality of life we have built, we are deservedly the envy of other Canadian communities – it goes beyond our weather, scenery and gardens. Why would anyone want or need to move?”

Victoria Times Colonist, June 12, 2013

7. ‘Growing Capacity’ – What Are the Strategic Directions?

In keeping with the new approach, the Strategic Directions are based on the powers, tools, and resources that local governments and community stakeholders have to improve housing affordability regionally. The Strategic Directions provide a framework for future actions. There is no single or simple solution. Instead, the Strategic Directions are a collaborative, flexible and pragmatic combination of recommended actions that build and lever 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. Concerted action on many fronts is required.

The Strategic Directions focus on:

- removing obstacles to the supply of affordably priced market and non-market housing, region-wide, consistent with the overall growth management goals of the RGS;
- creating policies and plans that consider the need for both market and non-market housing and tenure options (own/rent/alternative tenure arrangements) for people of all incomes and situations, abilities, genders, family structure and age;
- developing a flexible strategy that over time can be adjusted to meet the different needs of different parts of the region, with solutions that are transferable to various jurisdictions, recognizing the variety of planning and operating environments, including a limited financial and asset base in many municipalities;
- working within the current senior government policy environment; and,
- encouraging collaborative efforts with community stakeholders to develop capacity and build on current efforts.

Seven Strategic Directions have been identified:

1. Raising and leveraging additional funds for more-affordable housing.
2. Reducing policy and regulatory obstacles to facilitate 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 within the CRD.

The Strategic Directions are set out in the matrix below: each Strategic Direction is identified, with a brief rationale and associated costs and benefits provided. A priority has been assigned to each Strategic Direction based on its potential effectiveness

(highest, high, medium and low) for addressing housing affordability. As well a time frame (short, medium, and long term) has been suggested, based on a recommended implementation start time. In addition, responsibility has been assigned, identifying a lead agency or agencies and others who can or should play a key role in implementation. For more detailed information on individual actions see *Working Paper #2, Appendix: Description of Potential Solutions*.

**Strategic Direction #1:
Raise and leverage funds for more-affordable housing.**

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
1.1 Establish a regional housing trust.	To provide either operating subsidies or capital grants for the acquisition and construction of non-profit affordable housing. Highest Priority	As an example, a property tax levy of \$20.00 (or an increase in the mill rate of about 0.1) per household could potentially generate \$2.6 million per year.	A capital contribution of \$2.6 mil would allow a non-profit group to construct either 95 new apartment units at market rents or about 50 new apartment units with rents equal to 30% of the average income of Core Need seniors and single parent families. (It should be noted that capital from a housing trust could be used to lever other contributions and funding.)	Short to medium term. A regional housing trust could be established in a year and could be in a position to assist in the development of additional affordable housing within two years.	CRD with the support of local municipalities.
1.2 Encourage the establishment of a community land trust.	To acquire and hold land, as well as, buildings for more-affordable housing purposes in the future. Medium Priority	Land costs for modest wood-frame apartments in the CRD are typically in the range of \$17,500 to \$30,000 per unit. To support the construction of 50 new apartment units per year, more than \$1 million per year would have to be accumulated.	A land trust could acquire land through purchase or donation and hold it in perpetuity. This would protect it from speculative market forces and preserve it for affordable housing purposes in the future. If land costs for a modest wood-frame apartment unit could be reduced by \$1,000 per unit, the gap between economic and market rents would be decreased by \$4.80 to \$11.50 per month depending on the type of unit.	Long term. Unless it is supported by substantial grants and donations, the benefits of a land trust would not be fully realized until well into the future, perhaps 10 to 20 years.	Either the CRD or a non-profit organization could establish a community land trust. CEDCO's Victoria Community Housing Trust and Co-operative Housing Federation's Community Housing Land Trust already exist in the Victoria area.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>1.3 Encourage access to grants, donations and philanthropic support from foundations, municipalities, community organizations, financial institutions and private individuals for more-affordable housing.</p>	<p>Community based organizations usually do not have the equity needed to develop more-affordable housing. There can however access grants, donations and other financial support from the general community, private organizations, local municipalities and philanthropic foundations.</p> <p style="text-align: center;">High Priority</p>	<p>Without access to senior government programs, a non-profit organization would typically require equity of about \$27,000 per unit in order to make the construction of a new wood-frame apartment project financially feasible at market rents. A further capital subsidy of \$26,000 per unit would be required in order to make the same units affordable to those in Core Need.</p>	<p>The impact of a \$1,000 donation to the capital costs on the rent needed to make a new apartment unit financially feasible is about \$6.75 per month.</p>	<p>Short term - ongoing.</p>	<p>Individual housing organizations, community groups and foundations.</p>
<p>1.4 Use charitable tax credits for more-affordable housing purposes. (Related to 1.3 above)</p>	<p>Individual housing organizations, land trusts and housing trusts with a charitable tax status can encourage financial and real estate donations by making a charitable tax receipt available.</p> <p style="text-align: center;">High Priority</p>	<p>Depending on the tax position of the donor, the cost to the senior levels of government in reduced tax revenues could up to almost one-half of the amount actually donated.</p>	<p>As above in 1.3.</p>	<p>Short term - ongoing.</p>	<p>Individual housing organizations, land trusts and housing funds.</p>

**Strategic Direction #2:
Reduce policy and regulatory obstacles and facilitate more-affordable housing.**

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
2.1 Establish a Housing Resource Centre within the CRD.	Given the limited resources available to most of the municipalities in the region, it is crucial that there be an office that can provide expertise and support to local governments, industry and community housing groups. Highest priority	Internal administrative and additional staff costs. (Estimated annual cost in the range of \$200,000 to \$250,000.)	Would provide resources to support local governments and community organizations in the implementation of the RHAS. The Centre would develop and coordinate regional resources, as well as, promote local organizational, program, networking, and advocacy capacity.	Short term - ongoing.	CRD and member municipalities.
2.2 Establish a Regional Housing Facilitator Position within the CRD.	An action-oriented, <u>senior</u> position that provides expertise to facilitate the development of projects through brokering partnerships in support of community based initiatives. A resource person to the Housing Resource Centre. High priority	Included in 2.1 above.	Focuses responsibility and resources for improving housing affordability across the region. Facilitates: the development and brokering of low end of market housing projects; housing finance; establishing and working with housing networks; community economic development and capacity building; leveraging resources; and communication and awareness. Given scarce resources, it is a mechanism for implementing RHAS on a regional basis.	Short term - ongoing.	CRD Housing Resource Centre.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>2.3 Develop, review and adopt coordinated alternative development standard for new subdivisions.</p>	<p>Alternative subdivision standards that facilitate smaller lots, narrower roads, reduced sidewalk requirements, common utility connections and a greater reliance on surface drainage could reduce servicing costs and make all new housing more-affordable.</p> <p style="text-align: center;">High Priority</p>	<p>Internal Administrative costs.</p>	<p>Recent studies suggest that subdivision servicing costs can be reduced by up to 45% and that ongoing municipal operating costs can be cut by up to 18% in high density, more compact “nodal” developments.</p> <p>The overall cost of a modest single-detached unit could be reduced by \$2,000 or more. The typical mortgage payments could be reduced by \$13 to \$18 per month, depending on the prevailing interest rates.</p>	<p>Medium to long term.</p>	<p>Housing Resource Centre and local municipalities.</p>
<p>2.4 Permit secondary suites.</p>	<p>Only eight of the fourteen municipalities in the CRD permit secondary suites. Such accommodation can provide a more-affordable housing option for some renters while helping to reduce the cost of home ownership for first time buyers.</p> <p style="text-align: center;">High Priority</p>	<p>The cost of a typical secondary suite can range from \$5,000 to \$20,000.</p>	<p>In addition to increasing the supply of more-affordable rental accommodation, a secondary suite can reduce the homeowner’s monthly carrying costs by as much as 25%, after taking into account a capital investment of \$15,000.</p>	<p>Short term.</p>	<p>CRD and local municipalities.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
2.5 Encourage flexible housing forms.	<p>Design approaches and housing forms such as Pro-Housing, Shell Housing, Flex Housing and manufactured housing on leased land (mobile home parks) provide options that can improve the short term and long term housing affordability.</p> <p style="text-align: center;">Medium Priority</p>	<p>Some housing design approaches such as Flex Housing and Pro-housing involve slightly higher initial construction costs but provide for greater adaptability and reduced costs as the homeowner's need change over time.</p>	<p>Flex Housing, Pro-housing and shell housing allow households to access modest home ownership and then more affordably adapt the unit to meet their needs as their situation changes over time and their financial capacity improves.</p> <p>Manufactured housing on Vancouver Island does not provide a significant cost savings as far as the unit itself goes because of high transportation costs but the opportunity to lease a site in a mobile home park can reduce the overall cost of housing compared to other alternatives.</p>	Medium term.	CRD, local municipalities, builders and mobile home park developers.
2.6 Create additional rental stock through local government tax incentives for the conversion of non-residential properties into housing, preserve existing rental stock through the strategic use of federal RRAP funding and maintenance by-laws.	<p>Renters have the most serious housing affordability issues. Preserving the existing rental stock is more cost-effective than building new units. Preserving the existing stock is therefore the best way to ensure that the supply of rental housing does not deteriorate further.</p> <p style="text-align: center;">Highest Priority</p>	<p>The waiving of property taxes for ten years for the conversion of properties into housing and the preservation of existing rental units (like Victoria's Tax Incentive Program for seismic upgrades) might cost the municipality about \$4,500 to \$6,000 per unit over ten years.</p>	<p>The gap between the actual construction costs of a new wood-frame apartment unit and what would be viable at market rents is about \$27,000.</p> <p>By assisting in the conversion of non-residential properties into housing and by helping landlord to preserve and upgrade their existing rental units through a tax incentive, municipalities could cost effectively help to maintain the stock of more-affordable housing.</p>	Short term.	CRD and local municipalities.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
2.7 Adopt official local government housing policies and strategies.	To encourage municipalities to officially recognize and address the need for more-affordable housing and homelessness in their Official Community Plans and Regional Context Statements. High Priority	Internal administrative costs.	Allows individual municipalities to assess the range of options being recommended and to formally adopt those that are appropriate to their individual communities. The formal adoption of specific strategies aimed at addressing housing concerns would help to crystallize the long-term commitment of the CRD and local municipalities.	Short term.	CRD and local municipalities.
2.8 Reduce or waive DCC's for more-affordable housing projects on a targeted basis.	Local municipalities could encourage the development of more-affordable housing by either waiving or providing grants to off-set the development cost charges associated with projects that are specifically targeted at those with the greatest affordability concerns. High Priority	Development Cost Charges vary by municipality across the CRD but they typically range from \$3,000 to \$4,000 per unit. If 200 units per year of more-affordable were to be supported, the annual cost in foregone municipal revenue would be in the area of \$700,000.	The rent required to support the construction of a new wood-frame apartment unit could be reduced by as much as \$25.00 per month if the total capital costs by waiving the typical Development Cost Charge.	Short term.	CRD and local municipalities.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
2.9 Use Development Cost Charges to encourage increased densities.	<p>Local municipalities could support the Regional Growth Strategy and encourage higher density / more-affordable housing (both market and non-market) by varying development cost charges based on location, lot size (density) and housing form.</p> <p style="text-align: center;">High Priority</p>	<p>As identified in 2.8 above, DCC's are typically in the range of \$3,000 to \$4,000 per unit.</p> <p>If DCC's were to be selectively reduced by one-half for one third of the new units built in the CRD, the annual costs would be about \$850,000, assuming that the charges for less affordable, lower density housing were not increased to off-set the costs.</p>	<p>The selective use of reduced DCC's would provide the development industry with an economic incentive to build more-affordable housing in areas that conformed to the Regional Growth Strategy.</p> <p>By reducing the DCC's by one-half, the rent required to support the construction of a new wood-frame apartment unit and the carrying costs of a new single-detached homeowner unit could be reduced by about \$12.50 per month.</p>	Short term.	CRD and local municipalities.
2.10 Reduce or waive development and building permit fees for more-affordable housing.	<p>Local municipalities could encourage the development of more-affordable housing by waiving development and building permit fees for projects that are specifically targeted at those with the greatest affordability concerns.</p> <p style="text-align: center;">High Priority</p>	<p>On average, the combination of development and building permit fees add about \$2,500 to the capital costs of a modest apartment unit.</p> <p>200 units per year of more-affordable housing would cost about \$500,000 in lost revenue.</p>	<p>The rent required to support the construction of a new wood-frame apartment unit could be reduced by about \$15 per month by waiving the typical development and building permit fees.</p>	Short term.	CRD and local municipalities.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>2.11 Streamline and coordinate municipal approval process for all residential development.</p>	<p>The efficiency of the building industry and the supply of new housing could be improved by streamlining the municipal development approval process for all new developments and by “fast tracking” more-affordable housing project applications.</p> <p style="text-align: center;">High Priority</p>	<p>Internal administrative costs.</p>	<p>The average processing times for development permits range from 36 to 176 days among the municipalities in the CRD.</p> <p>Re-zoning applications take four to six weeks in Victoria but more than eight months in some other communities.</p> <p>Although the direct cost savings in terms of total constructions costs is relatively modest for a typical wood-frame apartment unit, about \$1,000 in reduced interest costs, streamlining the approval process would make the building sector more efficient and help to increase the supply of housing.</p>	<p>Short term.</p>	<p>CRD and local municipalities.</p>
<p>2.12 Harmonize local development regulations and costs.</p>	<p>The building industry ability to effectively respond to market conditions is impeded by the differences in regulations, fees and charges that exist among the municipalities in the CRD.</p> <p style="text-align: center;">Highest Priority</p>	<p>Internal administrative costs.</p> <p>(Saanich recently received an ACT Grant to pursue this issue.)</p>	<p>The industry’s capacity to efficiently supply new housing could be improved, and development costs could be reduced, by providing a greater degree of consistency in municipal regulations and fees across the CRD.</p> <p>A realistic estimate of the financial benefits is not available.</p>	<p>Medium term.</p>	<p>CRD and local municipalities.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
2.13 Pre-zone for more-affordable housing sites (inclusionary zoning).	<p>By either requiring or encouraging that major new residential developments reserve developable parcels of land for more-affordable housing purposes, municipalities could ensure that the supply of land is available to meet the community's needs.</p> <p style="text-align: center;">Medium Priority</p>	<p>Instead of financial subsidies, incentives such as density bonusing, reduced development standards and fast-tracked approvals could be used to encourage developers to set aside land for non-profit housing.</p>	<p>Inclusionary, incentive-based zoning would add to the supply of available land for more-affordable housing. It is even possible that the incentives offered by the municipality could result in either lower than market land costs or direct financial support for future non-profit and community based housing projects.</p>	<p>Medium term.</p>	<p>CRD and local municipalities.</p> <p>(Colwood's Royal Bay Comprehensive Development Agreement requires that the developer set aside land for the future development of a 50 unit affordable housing project.)</p>

**Strategic Direction #3:
Encourage density intensification.**

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>3.1 Plan for increased densities in downtown areas and regional centres.</p>	<p>By increasing development densities downtown areas and regional centres, housing costs can be dampened through the more efficient use of the available supply of land.</p> <p style="text-align: center;">High Priority</p>	<p>Internal administrative costs.</p>	<p>The use of increased densities in the downtown area and the regional centres would increase the potential supply of housing and potentially reduce the impact of the area's higher land costs.</p> <p>Recent sales suggest that low-rise, wood-frame apartment land can be purchased for about \$20,000 per unit. High-rise apartment land is available in the downtown core for about \$7,500 to \$8,000 per unit.</p> <p>(The land price advantage is off set by the higher construction costs associated with high-rise construction.)</p>	<p>Medium term.</p>	<p>CRD and local municipalities.</p>
<p>3.2 Encourage small lot infill in existing neighbourhoods.</p>	<p>The Regional Growth Strategy encourages small-scale infill outside of the centres in the form of single-detached, duplex, patio and townhouse units.</p> <p style="text-align: center;">High Priority</p>	<p>Internal administrative costs.</p>	<p>Small-scale infill projects, including secondary suites, can reduce the land costs of new housing in existing neighbourhoods.</p>	<p>Medium term.</p>	<p>Local municipalities.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>3.3 Promote mixed-use developments in town-centre areas.</p>	<p>By constructing residential accommodation above ground floor commercial and retail space, the relatively high land costs associated with residential development in most core areas could be off set by the project's non-residential revenues.</p> <p style="text-align: center;">Medium Priority</p>	<p>Internal administrative costs.</p>	<p>Recent studies suggest that the land cost component of new residential units can potentially be reduced by up to 35% when integrated into a mixed-use development compared to a conventional housing project.</p> <p>Langford, Sidney and Oak Bay have all used mixed-use zoning.</p>	<p>Medium term.</p>	<p>CRD, local municipalities and the development industry.</p>
<p>3.4 Promote the re-development of older, inefficient non-profit housing projects.</p>	<p>A significant part of the existing social housing stock in the CRD was developed more than 25 years ago at much lower densities than would be appropriate today. By redeveloping these sites at higher densities, non-profit organizations could potentially increase the supply of more-affordable housing.</p> <p style="text-align: center;">High Priority</p>	<p>Potentially, no cost.</p>	<p>By “recycling” existing social housing sites, non-profit housing groups could reduce the land costs of new construction by as much as \$20,000 to \$30,000 per unit through a combination of increased densities and the use of their built up equity.</p> <p>The remaining costs could be financed.</p>	<p>Short to medium term.</p>	<p>Individual non-profit organizations.</p>

**Strategic Direction #4:
Utilize public lands to support more-affordable housing.**

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
4.1 Establish an “affordable housing first” policy and either donate or lease surplus municipal lands to non-profit community organizations for housing purposes.	To the extent that municipalities have land, they could make it available for housing purposes by donating it, or by selling it or by leasing it, to non-profit housing groups at below market prices. High Priority	By donating or transferring land to community housing groups at below market value, municipalities would be giving up potential revenues that could be used for other purposes.	The capital costs of a new wood-frame apartment building could be reduced by \$15,000 to \$30,000 per unit. The rent required to support such a project would be reduced by \$92 per month for a bachelor unit and \$182 per month for a three-bedroom unit.	Short term. (Sampling of the data collected from the BC Assessment Authority suggests that most of the municipalities in the CRD do not have significant land holdings.)	CRD and local municipalities.
4.3 Encourage the adoption of an “affordable housing first” policy by other levels of government. Use public lands (school board, provincial and federal) for housing purposes.	To the extent that local school boards and the senior levels of government have surplus land holdings, these public lands should be made available to the local community for housing purposes. Medium Priority (The policies of the local school boards and the senior levels of government require that they dispose of surplus lands at full market value.)	By either donating or transferring land to community housing groups at below market value, school boards and the senior levels of government would be giving up potential revenues that could be used for other purposes	As above in 4.1.	Long term.	The CRD, local municipalities and community organizations should lobby the other levels of government for access to public lands for housing purposes.

**Strategic Direction #5:
Encourage self-help initiatives by community organizations and others.**

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>5.1 Utilize the use of “pro-housing” designs. (See glossary.)</p>	<p>Builders and individual homeowners can reduce the initial construction cost of housing by employing building designs that allow a very modest unit to be modified, completed or expanded as the owner’s needs and financial capacity change over time. Medium Priority</p>	<p>The initial construction costs of a Pro-housing design can be slightly more expensive than a conventional house.</p>	<p>The pro-housing concept allows homeowners to start with a modest house that is affordable and then expand and renovate as their circumstances change. The adaptability of Pro-housing concept can include the development of a secondary suite and makes future changes to the unit much more-affordable.</p>	<p>Medium term.</p>	<p>Builders and individual homeowners.</p>
<p>5.2 Utilize Shell Housing and Sweat Equity initiatives.</p>	<p>Individual homeowners can sometimes reduce the cost of their housing by contributing their own labour and time. Two examples are Shell Housing concept and the sweat equity component of the Habitat for Humanity program. Medium Priority</p>	<p>The Shell Housing involves the construction of a new house with a complete exterior “skin”. The owner completes the interior of the unit. In the case of the Habitat for Humanity program, homeowners provide 500 hour of their own labour to the construction of their house.</p>	<p>Providing the homeowner has the necessary technical skills, sweat equity can reduce the cost of construction.</p>	<p>Short to medium term.</p>	<p>Individual homeowners.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
5.3 Utilize non-profit co-operative housing (building co-operatives).	<p>Private not-for-profit developers like Options for Homes in Toronto can work with community based building co-operatives to build more-affordable housing.</p> <p>Medium Priority</p>	<p>Typically, the municipality provides assistance by helping to secure an appropriate site, fast tracking the development approval process and density bonuses.</p>	<p>Construction costs can be reduced 10% to 20%.</p>	<p>Medium term.</p>	<p>Community housing groups, CRD, and local municipalities.</p>
5.4 Utilize life lease with guaranteed buy-back.	<p>Many of these projects are geared to the seniors market. They provide a buy-back guarantee at the original purchase price but limit the ability of the occupant to take advantage of appreciating property values on resale.</p> <p>Medium Priority</p>	<p>Financial risk of the buy-back guarantee not being properly funded.</p>	<p>Preserves the affordability of the housing over time for future residents.</p>	<p>Long term.</p>	<p>Individual community organizations.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
5.5 Utilize market non-profit rental.	<p>A non-profit housing developer is not necessarily motivated by a market return on equity provided that the project is sustainable in cash flow terms. In some cases, this means that a non-profit rental project can be viable when a market developer would find it uneconomic.</p> <p style="text-align: center;">High Priority</p>	<p>A substantial initial equity position in the form of donated land or grants is required in order to make any new non-profit housing project viable.</p> <p>A non-profit organization would typically require equity of about \$27,000 per unit in order to make the construction of a new wood-frame apartment project financially feasible at market rents.</p>	Even if non-profit rental housing initially requires full market rents, or something close, in order to be self-sufficient, the cost of accommodation can become more-affordable over time because there is only a limited financial need to increase rents.	Medium term.	Individual community housing organizations supported by the CRD and local municipalities.

Strategic Direction #6:

Maximize the use of existing senior government housing programs and advocate for increased funding for affordable housing.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>6.1 Encourage and promote the fullest possible access to all existing federal and provincial housing related programs.</p>	<p>To focus as many financial resources as possible on the issue of more-affordable housing in the CRD, including:</p> <ul style="list-style-type: none"> ▪ Supporting Community Partnership Initiatives (SCPI) ▪ Shelter Aid for Elderly Renters (SAFER) ▪ Supporting Independent Living Program (SLIP) ▪ Independent Living BC (ILBC) ▪ Housing Assistance for Seniors' Independence (HASI) ▪ Residential Rehabilitation Assistance Program (RRAP) ▪ Proposal Development Funding (PDF) <p>High Priority</p>	<p>Internal administrative costs.</p>	<p>Access to funding from the senior levels of government would supplement the funds available from within the CRD for addressing the need for more-affordable housing.</p>	<p>Short term.</p>	<p>CRD (including the Housing Facilitator and Housing Resource Centre), local municipalities and individual community organizations.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>6.2 In coordination with UBCM, FCM, CHRA and others, actively lobby senior governments for programs and funding to improve housing affordability.</p>	<p>To advocate for policy changes at the federal and provincial levels that will assist regional districts and municipalities to address the need for more-affordable housing, such as:</p> <ul style="list-style-type: none"> ▪ Tax changes to encourage rental housing construction ▪ Increased funding for housing programs ▪ Expansion of shelter allowances ▪ Training to meet construction trade shortages ▪ Access to publicly owned surplus land for housing and a affordable-housing first policy <p>High Priority</p>	<p>Internal administrative costs.</p>	<p>Potential for more tools and funding for housing concerns in the CRD.</p>	<p>Medium to long term.</p>	<p>CRD and local municipalities.</p>

Strategic Direction #7:

Improve awareness, change attitudes and build support for more-affordable housing.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
<p>7.1 Establish a Resource Network at the local government level to develop community resources and to expand capacity.</p>	<p>Initiates sharing of information and a focus for collaboration among local governments and community organizations on a regional basis.</p> <p>Provides resources and support to municipalities with scarce resources.</p> <p>High priority</p>	<p>Included in 2.1 above.</p>	<p>Housing advice and assistance to local governments in housing research, policy planning and decision-making.</p> <p>Encourage regional co-ordination and reduces duplication.</p> <p>Develops and promotes best practices information. Helps educate the public and increase awareness of housing issues.</p> <p>Promotes collaboration amongst similar stakeholder organizations/networks provincially and nationally.</p>	<p>Short term.</p>	<p>CRD Housing Resource Centre.</p>
<p>7.2 Establish information and monitoring process.</p>	<p>Relevant information collected on a regional level is necessary in order to justify, initiate, implement and monitor policy and program decisions.</p> <p>High Priority</p>	<p>Staff and financial resources on an ongoing basis.</p>	<p>Establishes a database for undertaking policy and strategic initiatives and monitoring the effectiveness of policy and strategic initiatives.</p>	<p>Short term - ongoing.</p>	<p>CRD with input from local municipalities and community housing organizations such as HAP, CSPC and CEDCO.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
7.3 Promote 'Best Practices' in the provision of more-affordable housing.	<p>An efficient way of sharing local information and experience about regulatory mechanisms, financing, partnerships and tenure arrangements, pilot/demonstration projects, and self-help approaches to facilitate awareness of issues regionally.</p> <p style="text-align: center;">Medium priority</p>	<p>Cost of compiling the materials, but electronic dissemination would be efficient.</p>	<p>Provides an education tool based on local experience that can be applied to most municipalities, within the context of local operating and housing market characteristics.</p>	<p>Medium term.</p>	<p>CRD or a community organization (e.g. HAP, CSPC)</p>
7.4 Establish a profile of community Initiatives that support more-affordable housing.	<p>Recognition of achievements can help promote awareness and change attitudes, challenge innovation, identify best practices, promote collaboration and build community capacity.</p> <p style="text-align: center;">Medium priority</p>	<p>\$15 - \$30,000 depending on number/ type of initiatives/ awards and promotional material + staff time.</p>	<ul style="list-style-type: none"> ▪ <u>Housing Affordability Challenge</u> – a region-wide competition to produce demonstration project(s) in collaboration with private sector, local governments and the community. ▪ <u>Regional Awards to Recognize Project Achievements</u> - awarded annually during Housing Affordability Week. ▪ <u>Community Profiling of Housing Affordability</u> - a communications strategy to profile positive / success stories. ▪ <u>Local Champions for Housing Affordability</u> - local leaders as credible spokespersons. 	<p>Short to medium term, depending on the initiative.</p>	<p>CRD Housing Resource Centre and / or a community organization such as HAP, CSPC.</p>

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
7.5 Encourage partnering with the Community.	<p>The use of advisory committees, task forces, forums, workshops, partnerships with community groups in order to consider housing affordability issues and to develop community responses.</p> <p>Medium priority</p>	Financial resources, depending on volunteer resources available in the community.	Achieves community buy-in through community involvement and finds practical solutions that are tailored to a community. Costs might be less than having to hire staff/consultants.	Short to medium term.	Local municipalities and community organizations.
7.6 Support the role of the Housing Affordability Partnership (HAP).	<p>HAP is a volunteer community resource with a wide stakeholder membership. It can raise awareness about housing affordability issues and help to build community support.</p> <p>Medium Priority</p>	Municipal and CRD cost would depend on the role undertaken by HAP.	With secure resources, HAP could potentially galvanize their respective stakeholder groups by meeting and working with them to generate interest/support.	Short term.	CRD, local municipalities and HAP.

Recommendation	Rationale / Priority	Cost	Benefit	Time Frame	Responsibility
7.7 Establish mediation services and dispute resolution approaches to gain support for neighbourhood acceptance	<p>Expedites the development process by providing an alternative solution to resolving municipal zoning disputes and dealing with neighbourhood concerns.</p> <p style="text-align: center;">Medium Priority</p>	Funding for training program for a selection of citizens – estimated cost \$10,000.	Citizens receive mediation training and serve as volunteers as required, as an alternative to hiring special expertise. Such a process involves neutral parties in a constructive approach to dispute resolution.	Short term.	<p>CRD, local municipalities and community volunteers.</p> <p>(The service could also be provided by a community organization such as HAP on a user fee basis.)</p>
7.8 Develop and use housing affordability measures (a “housing affordability lens”) to guide decisions	<p>All decision-makers are challenged to develop housing affordability questions and indicators as a checklist when making decisions and evaluating actions.</p> <p style="text-align: center;">High Priority</p>	Monitoring and evaluation activities would require resources.	Clarifies values that guide decisions, provides for concrete measurement, regular monitoring and an indication of where actions need to be adjusted to meet goals.	Medium to long term.	CRD, local municipalities and community organizations involved in decisions affecting housing affordability.

8. How Will the Strategy Be Implemented?

If housing affordability is to be seriously addressed in the region, the Regional Housing Affordability Strategy needs to be implemented. Action is required. Otherwise, the current situation will prevail and likely worsen.

Implementation is often a very complex process encompassing a myriad of factors. There are a number of key elements to be considered in developing successful implementation strategies, particularly if activity is extended over a period of time and the scope of the activities is extensive. These elements include:

- **Commitment:** acknowledging the problem and taking action to deal with it – some elements will come to fruition in the short term, some may take longer; over the long run, persistence and patience on the part of government, the community and stakeholders will be essential;
- **Leadership:** within the region, amongst the housing industry community, local government, the business community, and the local community;
- **Cooperation:** a willingness to work together to form partnerships, to share resources to stretch resources; to coordinate solutions;
- **Phasing:** it is not affordable or realistic to carry out everything at once, not everything is equally important, and some activities are preconditions or catalysts for others;
- **Resources:** there are usually costs (both financial and human) involved and, depending on which initiatives are undertaken and by whom, there is a differential impact on the various parties involved, in some cases key public investments can act as a catalyst for advancing implementation;
- **Responsibility:** the formation of an on-going implementation administrative mechanism is important for advancing initiatives;
- **Momentum:** achieving early tangible results with significant impacts is important for maintaining commitment, as is continued progress; and,
- **Adjustment:** refining, responding to, coordinating and facilitating specific proposals and alternatives on an on-going basis.

In a region with many local government jurisdictions and community stakeholders, many partners will be involved in implementing the Strategy and the combination of partners will vary depending on the action, the timing of the strategic action, and resources available. For these reasons, it is impossible to provide a detailed implementation schedule for every strategic action. Local governments and other stakeholders, working together, will need to choose a course of action and be committed to carrying it out.

However, there are four key strategic actions without whose implementation in the short term the Strategy will founder. 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.

- The Housing Fund

Although there is no single solution that can overcome all of the housing affordability issues in the region, the single most effective mechanism for addressing a major part of the problem is the establishment of a regional housing fund. Such a fund would enable the CRD and member municipalities to provide, in whole or in part, capital for construction, grants for project development, and gap financing to sponsors of housing projects that conform to the Regional Growth Strategy and meet the highest-priority housing affordability needs of the community. Capital from a housing fund would enable the Capital Regional District to maximize its effectiveness by leveraging additional financial support from the senior levels of government, financial institutions and others on a 1:5 or even a 1:6 ratio.

Housing trust funds have been a feature of the American housing market for more than 30 years, but they have increased in importance and number since the mid-1980's when federal construction programs were halted. In 1996, 110 housing trust funds provided about \$300 million to assist in the financing, construction and operation of affordable housing in the United States.¹⁴ The Seattle Housing Levy Program is one of the largest housing trust funds in the United States. In British Columbia, housing trust funds exist in Richmond (the Affordable Housing Statutory Reserve Fund), in Whistler (the Employees Housing Service Charge), in Kamloops (the Housing Reserve), in the City of North Vancouver (the Affordable Housing Reserve Bylaw) and in Vancouver (the Affordable Housing Fund).

A housing fund could be administered directly by the Capital Regional District or through the Capital Region Housing Corporation (although with this latter option there may be some concern about conflict of interest if the CRHC sought to access funding for their housing projects). Funding for the housing fund could come from either a modest increase in property taxes or from additional development cost charges.

If the funds are used to leverage other sources, or if the receiving agencies had other equity to contribute to the project, many more units could be developed. This would be especially true in the case of the Provincial Independent Living Program that requires an equity contribution of at least 10% from the community and the sponsors of any new projects.

- The Housing Resource Centre and Facilitator

Most local government jurisdictions and community agencies in the region have limited resources available to them for dealing with housing affordability in a consistent and focused manner. Nowhere in the region does the capacity exist to oversee the implementation of the Regional Housing Affordability Strategy. For these reasons, the establishment of an office providing expertise and support to local governments, stakeholders, and the community at large is crucial.

The Regional Housing Resource Centre, staffed by a senior person – the Housing Facilitator, would be “action-oriented”, providing the following services:

¹⁴ *Housing Trust Funds: Their Nature, Applicability and Potential in Canada*, Research Report, CMHC, 2000.

- helping to develop and broker low end of market housing projects;
- brokering and providing financial assistance and advice to housing organizations;
- leveraging other resources, including the senior levels of government;
- establishing and working with local, provincial, and national housing networks;
- supporting community economic development and capacity building;
- providing advice and assistance in support of local government actions, research, policy planning and decision-making, including reviewing Housing Fund applications;
- overseeing and monitoring the implementation of the Housing Affordability Strategy; and,
- raising public awareness through advocacy facilitation and communication, including the development of Best Practices information.

It is estimated that the budget for the Centre and Facilitator would be in the range of \$200,000 to \$250,000, given the functions proposed and qualifications required.

In the last decade and in response to the difficulties of providing housing in the absence of senior government funding, local governments across Canada have established similar offices with similar functions. Vancouver's Housing Centre comprises a Manager, staff and budget, with responsibility for policy research and the delivery of housing units.

To function effectively, the Housing Resource Centre and Facilitator require both credibility and accountability. If the Centre and Facilitator are funded through the CRD and/ or member municipalities and, if they have responsibility for the overseeing and monitoring the implementation of the Regional Housing Affordability Strategy, for accountability purposes they should be located within the organizational structure of the CRD, reporting directly to senior management and the Board.

▪ Incentives for the Preservation of Existing Rental Stock

Renters have the most serious housing affordability issues. According to the 1996 Census, there are 48,930 renter households in the Victoria Census Metropolitan Area. One-third of these households are in core need. This means there are more than 16,000 families, single individuals and senior citizens who cannot rent appropriate accommodation for less than 30% of their income.

The cost of replacing existing rental units that are removed from the market, through either deterioration or conversion, continues to be uneconomic without a significant capital subsidy. The gap between the construction costs of a typical wood-frame apartment unit and what would be a viable investment based on current market rents is about \$27,000. In many cases, it would be much more efficient to support the preservation and improvement of existing rental units rather than subsidize their replacement.

By selectively using incentives such as the waiving of property taxes for up to 10 years at a cost of \$4,500 to \$6,000 per unit, local governments would be able to assist in the preservation of the existing housing stock.

- **Harmonize Local Development Regulations**

Much of the residential construction industry in the Capital Regional District is made up of relatively small builders and developers who have difficulties in adapting to the wide differences in development requirements that currently exist among local governments. These inconsistencies, combined with what can sometimes be lengthy delays in the approval process, result in market inefficiencies that can negatively impact the optimum supply of new housing.

By following up on and expanding the initiative that has recently been undertaken by Saanich to harmonize local government development forms, regulations and approval processes, local governments in the Capital Region could improve the construction industry's ability to work effectively within the region and respond to changes in the market to increase the supply of housing.

9. How Can Success Be Measured ?

Effective implementation of the Regional Housing Affordability Strategy requires the establishment of reasonable targets, where appropriate, measurable outcomes based on a benchmark database of performance indicators and the framework of a monitoring system with which to evaluate short and long term progress toward the Strategy's goals, in each municipality of the region and for the region as a whole.

There are two ways progress can be monitored – on the basis of directly measurable targets, and on the basis of more indirect measures.

9.1 Setting Targets

To measure progress in achieving the goal of improving housing affordability in the region, it is desirable for targets to be identified. Progress towards meeting the targets needs to be measured so that actions, programs and the Strategy itself can be evaluated.

From the perspective of improving housing affordability in the region, there are a limited number of areas where measurable targets can be established and then monitored. In part this is because of jurisdictional issues (multiple jurisdictions make targets more difficult to establish and monitor), and partly because of measurement issues.

Nevertheless, some measurable targets can be established. These include:

- **Households in core need**: the number of households in core need is the best and most direct measure of housing affordability that is available on a municipal basis. Data on core need is derived from the Canada Census, but only every five years. However, since progress at reducing core need in communities requires long term and sustained action, the infrequency of Census data should not be considered a major disadvantage.

Recommendation: Core need housing data should be monitored every five years for compliance with either a general target (reductions in absolute numbers or percentages) or a more specific target (e.g. 5% over five years, for both renters and owners).

- **Target** – 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:** A detailed analysis of the regulatory framework was prepared as part of the RHAS. It included a number of recommendations aimed at changing the regulatory framework to enhance housing affordability.

Recommendation: The benchmark data included in the Local Government Policy and Regulatory Matrix should be monitored annually to chart progress at reducing regulatory impediments to housing affordability.

- **Target** – By 2004, a harmonized set of regulatory forms and procedures, including standardization of information requirements, definitions and fees is adopted by local governments throughout the region.
- **Secondary suites:** Secondary suites make a valuable contribution to housing affordability from the perspective of tenants as well as homeowners (mortgage helpers). It is difficult to count the number of secondary suites because of their frequent illegality. However, numerical estimates by municipality, which are probably fairly precise, are available from the Census.

Recommendation: The number of secondary suites and progress towards legalizing secondary suites should be monitored every five years.

- **Target** – 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:** Generally speaking, denser housing forms (apartments, townhouses, and duplexes) are more-affordable than less dense housing forms (e.g. single detached dwellings). The higher the proportion of denser housing forms in the region, the more affordable the housing stock will be.

Recommendation: The proportion of denser housing forms in each local government area should be monitored on an annual basis.

- **Target** – By the next Census in 2006, the proportion of denser housing forms in each local government area will be higher than it was in 2001.
- **Households in core need:** The number of households in core need is the best and most direct measure of housing affordability available on a local government basis. Data on core need is derived from an extremely reliable source (the Census). The disadvantage of using core need data is that it is only available every five years. However, since progress at reducing core need in communities requires long term and sustained action, the infrequency of Census data should not be considered a major disadvantage.

Recommendation: The data should be monitored every five years for compliance with either a general target (reductions in absolute numbers or percentages) or a more specific target (e.g. 5% over five years, for both renters and owners).

- **Target** – By the next Census in 2006, fewer households in core need on a percentage basis in each municipality than was the case in 2001.

9.2 Monitoring the Housing Market

In addition to the measurable targets identified above, there are many other indicators where it is not possible to establish targets, partly because it is impossible to assign accountability for reaching targets, partly because municipalities have no control over some important factors (e.g. interest rates), and partly because in many cases it is not possible to establish meaningful targets in the first place.

However it is critical that these indicators be monitored because they are essential to monitoring the status of the regional housing market. To take one example, vacancy rates do not directly measure housing affordability but, in most cases, falling vacancy rates lead to rising rents and potential affordability problems for low-income renters. It is thus very important to monitor vacancy rates on an ongoing basis.

Key Data to Track

- 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)
- Rental housing quality

Developing a Monitoring and Reporting Program

The following steps are important in developing a monitoring and reporting program. They are discussed below.

- 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.
- Revising action plans and/or targets.

▪ **Assigning accountability for the achievement of results**

It is essential that a regional mechanism be established to undertake monitoring activity and assess implications of the data – a potential role for the Housing Facilitator and Housing Resource Centre. A preliminary estimate of resources required is 25% of a staff year and possibly the provision of support services. At the municipal level, the development of in-house capacity for data collection would also be needed.

▪ **Designing the monitoring system and selecting performance measures**

Monitoring programs are usually based on the use of quantifiable performance measures and targets. The *Appendix to Working Paper #1: What the Data Tell Us* provided a set of indicators and baseline data for the region in the following areas:

- the factors affecting the cost of building housing;
- the nature of the regional housing stock and supply;
- affordability based on core housing need data regionally and by municipality, and related data;
- local municipal initiatives (set out in the Local Government Policy and Regulatory Matrix and providing a number of indicators, including a benchmark assessment of municipal fees and charges on both an absolute and relative basis); and,
- local financing, partnership and tenure arrangements to improve affordable housing options.

Assuming 2002 as a baseline, monitoring should involve annually updating this information as new or other data becomes available, depending on data sources, to determine trends and progress. If, for example a regional housing fund is established the number of units developed with assistance from the fund could be monitored.

Considerable work has been done within the region by public agencies (e.g. the Vancouver Island Health Authority and CRD Environmental Services Department) on identifying and developing appropriate indicators and outcomes for other topic areas. Prior to finalising a monitoring and evaluation framework for the Regional Housing Affordability Strategy, it would be useful to discuss approaches used and data monitored with them and other agencies.

▪ **Creating a monitoring and reporting schedule**

Formal reporting dates should be incorporated into the monitoring program, e.g. on a set annual date – anything more frequent will make trend spotting difficult. For efficiency purposes, however, as new data becomes available, existing information should be updated on a regular basis.

▪ **Reporting monitoring results**

Annual information updates should be communicated via a report card to stakeholders and the public.

9.3 Adapting and Adjusting the Strategy Over Time

As the Strategy is implemented and as time goes on, the benchmark set of conditions will change. This means that the Strategy should be adjusted and adapted to reflect changing circumstances.

Working Paper #1 identified medium and long-term trends that will have an impact on the Strategy. These included:

- Over the next 10 years the population of the CRD will increase by just under 30,000 people, or 8.7%.¹⁵ The number of children and young adults will decline; virtually all the growth will be in the population over the age of 45 (there will be minor growth in the 15-24 age group). By 2012 the population over the age of 65 will increase from 17.8% of the population to 19.3%.
- Over the next 20 years, the population will increase by 62,000 people, or 18%. Between 2002 and 2022, the population aged 0-44 will decline in all age groups; all the growth will be in the population over the age of 45. By 2022, the population over the age of 65 will account for 24.2% of the total.

These demographic changes will affect regional housing markets.

- While the CRD has an aging population, it is important to note that the major impact of the 'baby boom' on housing markets will not likely be felt for another 20 years or so. That is because people typically do not make major changes in their housing patterns until they are about 75 years old and the oldest baby boomer is now only 55. Beyond age 75 people may seek more supportive housing, offering meals or personal care services, and they may decide to rent rather than own.
- At the other end of the age scale, the decline in the number of young adults may relieve pressure on the region's stock of rental housing, although it seems probable that any relief from this direction will not be sufficient to counter the impact of an aging rental stock that is not being replaced or, in many cases, maintained.

Increasing rent levels resulting from tight rental markets will impact younger and lower income households most severely. The incidence of core need is very likely to increase over the next 5 to 10 years, affecting children, lower income workers, and seniors.

- On the ownership side, it seems inevitable that mortgage rates will soon increase beyond their current 40 year lows. Because the cost of housing is so high in the CRD, the level of mortgage rates is critical to housing affordability. Increases of even 1-2% will drive many households from the ownership market, further increasing pressure on the rental market.

¹⁵ BC Stats PEOPLE 27.

- Over the next 20 years, assuming that average household size in the CRD remains constant at 2.3 persons, there will be a demand for an additional 26,000 housing units.¹⁶

The 2001 Census counted 142,135 households (dwelling units) in the CRD.¹⁷ Depending on how they are provided, the addition of 26,000 housing units could put enormous pressure on the land supply and the infrastructure of the CRD. If they were provided as typical low-density single detached units, 26,000 housing units would consume almost 7,000 acres of land.

While it is possible to project anticipated changes with some degree of accuracy over the short term, over a longer term, certainty decreases. It is, therefore, imperative that a monitoring and review program be established not only to monitor progress, but also to ensure that as new or changed circumstances arise (such as changes in senior government programs or local government powers), that actions are taken to address them.

¹⁶ Note that these figures vary somewhat from those in the Regional Growth Strategy for several reasons: updated provincial population projections were used; and a different 'end year' (2022 instead of 2026). Further study will be done to reconcile these differences.

¹⁷ Not including the undercount.

APPENDICES

A.1 Core Housing Need

Core need households are those who cannot obtain enough space for their household that is in reasonably good condition without spending more than 30% of their income for shelter. The 30% figure is based on research indicating that when the shelter costs of low-income households exceed 30% of their incomes, their consumption of other essentials of life such as food, clothing, day care, and transportation is reduced.

The definition of core need goes beyond the standard definition of households in need, that is those paying more than 30% of their income for shelter. Because it considers adequacy and suitability as well as affordability and because it takes voluntary over-consumption into account, estimates of core need are always lower than the number of households paying more than 30% of their income for shelter. For example, in 1996 there were 24,000 renter households in the Victoria metropolitan area paying more than 30% of their income on rent, but only 16,000 of these were in core housing need.

Core Need Calculations

CMHC's core need model has two stages. The first identifies households living below currently accepted housing standards. The second determines whether or not these households, given their incomes, could obtain housing meeting standards. The standards in question relate to affordability (the ratio of shelter cost to income or STIR), suitability (crowding), and adequacy (state of repair).

Stage 1

The first step in determining the number of households in core housing need is to identify households living below accepted housing standards. These households experience at least one of the following three conditions: they pay 30% or more of their income on shelter (and thus are below the affordability standard); they lack sufficient bedrooms, given the size and composition of their household (and therefore fall below the suitability standard); or they live in a dwelling in need of major repair (and thus fall below the adequacy standard which requires that a dwelling need only minor repairs or regular maintenance). The required number of bedrooms is determined through application of the National Occupancy Standard, which is sensitive to household size and composition, including age, gender and family structure.

Stage 2

In the second stage of the core housing need model, households identified as living in housing that does not meet one or more of the three standards are tested to see whether they have the means to rent housing that does meet all standards. If a household's income is at or below the appropriate housing market-specific core need income threshold, it is considered to be in core housing need. Households with incomes above the relevant income threshold are not considered to be in core housing need; given their incomes, they would be able to afford appropriate housing but, for whatever reason, have chosen to remain where they are.

A.2 Project Methodology

The Strategy was carried out in three phases:

- Phase One: Assembling the Database – “The Working Capacity”
- Phase Two: Innovations – “Testing and Building Capacity”
- Phase Three: Strategic Recommendations – “Growing Capacity”

Within each phase work focused on data analysis, the policy, legislative and regulatory framework, financing and partnership mechanisms, as well as critical involvement of stakeholders as part of education, awareness raising and overall commitment. For each phase, there were working papers and supporting appendices, focus groups and/ or stakeholder and public workshops. The process was an incremental one building on the data collected, the research and analysis and feedback from the consultation process.

Phase 1 focused on why a strategy is needed from the perspective of:

- the factors affecting the cost of housing;
- the nature of the regional stock and supply;
- affordability for the residents of the region;
- local municipal initiatives impacting regional housing affordability; and,
- local financing, partnership and tenure arrangements to improve affordable housing options.

Outputs included: *Working Paper #1 – Our Working Capacity, Working Paper #1 – Summary, and Appendix to Working Paper #1 – What the Data Tells Us.*

Phase 2 focused on potential and pragmatic solutions providing a range of responses offering flexibility and choice to local governments (both urban and rural) and other stakeholders in the Region.

Outputs included: *Working Paper #2 – The Challenge and the Opportunities and Appendix to Working Paper #2 – Description of Potential Solutions.*

Phase 3 focused on developing the Strategy to realise the vision, goal, and objectives through the identification of strategic directions.

Outputs included: the *Final Report* and related Appendices.

Project Management

The project was managed by 2 project managers (Christine Warne/ Diana Butler from Urban Aspects Consulting Group and Chris Goldburn of CRD Regional Planning Services) They received guidance from the Project Steering Committee comprised of representatives from: Capital Regional District (Mark Hornell, Chris Goldburn, and Tracy Corbett), Vancouver Island Health Authority (Veronica Doyle and Dennis Suwala), Capital Hospital District (Jeremy Tate), Canada Mortgage and Housing Corporation (Lee King), Capital Region Housing Corporation (Henry Kamphof) and BC Housing (Danella Parks).

Consultation and Communication

An inclusive consultation process was seen as key to the development of an effective strategy. It was intended to be educational, to raise awareness, generate overall commitment and build partnerships. Many people participated in the process, many in several events. The main components of the consultation process are set out below.

- An Advisory Committee comprised of stakeholders from key sectors was established to provide advice to the consultant, Project Manager and Project Steering Committee on matters of process and substance in identifying issues, concerns and information to be addressed in the Strategy.

Members included: Municipal - Hope Burns (District of Central Saanich), Mike Dillistone (District of Esquimalt), Rob Munn (City of Colwood), Provincial - Gregory Steves (BC Ministry of Community, Aboriginal, and Women's Services – Housing), Lori Mist (BC Ministry of Human Resources), Housing Providers - Marsha Goldford (BCNPHA and Victoria Senior Citizens Housing Society), Chambers of Commerce - Barb Carter, Greater Victoria Chamber of Commerce), Victoria Real Estate Board - Tony Joe, Builders/Developers - Lee Lange (CHBA) and Glen Wilson (UDI), Financial - Detlef Beck (Coast Capital Savings) / Elizabeth Woods (Alternate) and Tom Siemens (Royal Bank) / Martina Humphrey (Alternate - TD Canada Trust), Community Social Planning Council - Mabel Jean Rawlins-Brannen (Executive Director), Federal - Andrew Lane (Director, HRDC Victoria) and Don Beamish (Department of National Defence), Housing Affordability Partnership - Pat Caporale, Regional Transportation Strategy - Mike Davis (BC Transit), First Nations - Bruce Parisian (Victoria Native Friendship Centre), CEDCO - Sandra Mark (Executive Director).

- Focus Groups and Interviews: At various times interviews were conducted with key stakeholders to identify and clarify issues. During the week of June 3, several focus groups were organized with Industry, Community, Local Government stakeholders and Clients to identify and clarify key issues.
- Workshops: Three workshops were held at various stages of the project and locations within the region. Their purpose was to create awareness of affordability issues, harness local creativity and commitment and create synergy through partnerships around determining housing solutions. Workshop 1 was held at Victoria City Hall in 2 parts on September 17th and 18th, 2002 with 50+ attending the first evening and 40+ the second evening night. Workshop 2 was held at the Juan de Fuca Recreation Field House on December 10th, 2002 with 58 participants attending. Workshop 3 was held at the Mary Winspear Centre in Sidney on March 26th, 2003 with 76 participants attending (including 28 elected officials, 19 planners, and some media). Attendance figures do not include staff or consultants.
- Communication tools used included e-mail, the CRD web site, direct mailings, and news releases for distributing information such as bulletins/ updates, fact sheets, meeting notification. Media representatives were invited to all workshops.

A.3 Glossary Of Terms

- A.C.T.: The Affordability and Choice Today Program is sponsored by CMHC and managed by the Federation of Canadian Municipalities, the Canadian Home Builders Association and the Canadian Housing and Renewal Association. The program is designed to eliminate bylaw barriers to new approaches in planning, design, construction or servicing. Municipalities, homebuilders and developers (private, non-profit and co-operative) are eligible for grants to undertake demonstration projects, to investigate streamlined approval process projects or to document existing initiatives.
- Adaptable Housing: Housing designed with built-in flexibility to integrate special needs groups and an aging population e.g. ground floor accessibility, wider doorways, wheelchair ramps, adjustable counters and cabinets.
- Alternate Development Standards: A way to reduce servicing costs, examples include: smaller lots, narrower roads, reduced sidewalk requirements, storm water systems that rely more on surface drainage, and the use of common utility connections.
- Best Practices: Examples of approaches to regulatory mechanisms, financing, partnerships and tenure arrangements and self-help initiatives that can provide innovative and useful lessons for improving housing affordability.
- Building Co-operatives: Private not-for-profit developers and consultants, working in conjunction with community based building co-operatives, could potentially construct more-affordable housing if they were actively supported by the municipalities within the CRD. An example of this approach is “Options for Homes” in the Toronto area that has successfully produced more than 900 condominium apartment and townhouse units for its co-operative housing clients. (See *Working Paper #2, Appendix: Description of Potential Solutions.*)
- Capacity: Capacity is the ability of individuals, organizations and communities to perform functions, solve problems, and set and achieve goals effectively and efficiently. Capacity development involves the sustainable creation, utilization and retention of that capacity. It involves a consideration of all factors that impact on the ability to develop, manage, and implement policies, programs, and projects. These factors include: human, physical, and financial resources and the external environment or overall context within which individuals, organizations and communities operate and interact.
- CMHC: Canada Mortgage and Housing Corporation.
- CEDCO: Community Economic Development Corporation.
- CHBA: Canadian Home Builders’ Association.
- Co-Housing: This form of housing depends on traditional subsidy-free financing and attracts mostly middle class households. Units in a co-housing project are owned, often through a strata-title arrangement. In addition to the residential units there is also a common building that includes a large dining room, kitchen, lounges, meeting rooms, recreational facilities, library, workshops, and child care facilities. Cardiff Place in Victoria is the first co-housing project in Canada. (www.cohousing.org.)
- Community Charter: New provincial legislation, effective at the end of 2003 will provide local governments with new authority, tools and autonomy in the conduct of their affairs.

- Comprehensive Development Zoning: Such zoning is used to increase flexibility in allocating density and land uses on particular sites. These sites are usually large and under single ownership. Comprehensive zoning deals with land use and densities, road networks, parking, landscaping, public open space, servicing and environmentally sensitive areas. It provides an opportunity for municipalities to negotiate for public amenities (e.g. public parking, open space, mixed commercial/residential developments) and affordable housing.
- Condominium: A multiple family residential strata title development consisting of individual dwelling units.
- Density Bonusing: A zoning tool used by municipalities to increase density (e.g. small lot, multi-family, seniors, clustering, and zero lot lines) within a zone in exchange for amenities such as the protection of environmentally sensitive areas, construction of day-care facilities, and the provision of affordable housing.
- DCCs: Development cost charges are used by local governments to fund urban services such as roads, water, sewers, and parks by charging developers a fee. DCCs can comprise a significant portion of the cost of a new lot/unit.
- Equity Coops: Equity coops provide a form of limited equity homeownership as an alternative form of tenure for families and seniors. The coops operate on a non-profit basis, so housing costs are affordable. Purchasers get ownership of unit and security of tenure. Members manage the project and control who can join. The sponsor non-profit company retains ownership of the building exterior and all common property, including the recreation, meeting and parking facilities.
- Flexible Housing: Housing designs that offer a range of incremental adaptation to either the interior and/or exterior.
- GDS: Gross Debt Service.
- Ground-Oriented Housing: A relatively broad housing category, includes any structure type where the entry to dwelling unit is from the outside rather than from an interior corridor. Examples of housing types in this category include single-detached houses; duplexes, triplexes and other small attached projects; small and large rowhouse projects; stacked row houses; and higher-density projects with some form of ground-oriented rowhouse component.
- HAP: Housing Affordability Partnership.
- Harmonized Local Government Development Regulations: Within any single jurisdiction there is an extensive array of development regulations; within multiple jurisdiction area such as the Capital Region, the complexity is increased. Improving consistency from one jurisdiction to another, can reduce development costs.
- Housing Agreement: An agreement between a property owner and the municipality pursuant to Section 963.2 of the *Municipal Act* enabling municipalities to set conditions with respect to type of tenure, rent levels and rent increases, the administration and management of units, and the availability of housing units to particular groups of people.

- **Housing Reserve Fund or Trust Fund**: Municipalities establish special funds (from general revenues, provincial grant monies, community bonds, pension funds) to buy sites for lease or to make up the shortfall between market value and the amount paid by groups who lease land from the municipality at below market price.
- **Inclusionary Zoning**: Refers to policies requiring that a proportion of housing units within a new development meet affordability or other special needs criteria. It has been used to help ensure a mix of housing types in an area.
- **Infill Housing**: The introduction of new housing into, or adjacent to, existing neighbourhoods resulting in an intensification of land use. Such a project can include a single-family dwelling, residential conversion, attached or multiple unit form of housing and can occur in a variety of locations, including small vacant lots, transitional areas between land uses, lands previously zoned for alternate uses (e.g. commercial or industrial), underdeveloped sites, and irregular sites.
- **Land Lease**: Municipalities lease land owned by them usually for non-profit co-operative or government-assisted rental housing. Generally they lease the land at 75% of its market value for 60 years. Maximum rent increases or limited resale prices are sometimes imposed.
- **Life Lease**: Residents purchase an interest in the project through a leasehold interest or a contract with the sponsoring organization, and “share” in any appreciated value of the building and property. Rights to leasehold interest are purchased with a lump sum prepayment, and residents contribute their monthly share of maintenance and operating costs through a monthly occupancy fee.
- **Land Trust**: A land trust can acquire land through purchase or donation and holds it in perpetuity in order to remove it from the speculative market and to preserve its use for specific purposes in the future, such as housing affordability.
- **Manufactured Home**: A single family dwelling manufactured as a unit, or in modules, intended to be occupied in a place other than that of its manufacture, and designed so that it may be drawn or moved from place to place.
- **Mixed Use**: A combination of retail/commercial, institutional and housing units of various types on one parcel or in one project. An example is apartments for rent or condominium tenure, located above commercial or retail uses, typically maintaining separate street access.
- **Multi-Family Housing**: Includes patio homes, apartments, townhouses, cluster developments and duplexes.
- **MLS**: Multiple Listing Service.
- **PIT**: Principal, interest and taxes – factors that contribute to homeownership costs.
- **Pro-Housing**: Housing built either in sections, beginning with a core unit that can be added to, horizontally or vertically. Each section is fully habitable.
- **Regional Context Statement**: Under the Local Government Act, local governments must identify in a regional context statement how their official community plan is to be made consistent with the regional growth strategy over time. A regional context statement and the official community plan must be consistent.

- Regional Growth Strategy (RGS): Under the Local Government Act, a regional growth strategy must include the following: a comprehensive statement on the future of the region (for a period of at least 20 years), including social, economic and environmental objectives; population and employment projections for the period covered; actions proposed for the regional district to provide for the needs of the projected population in relation to housing, transportation, regional district services, parks and natural areas, and economic development.
- Rent Geared to Income (RGI): This is considered to be the share of a lower income household's budget that could be spent on shelter without impacting on other necessities.
- Residential Rehabilitation Assistance Program (RRAP): RRAP provides loans and grants to low-income homeowners, and landlords of properties to bring their homes up to health and safety standards. The program can also be used to make homes accessible for disabled residents, enabling them to live independently. In addition, Rooming House RRAP provides assistance to owners of rooming houses intended for permanent accommodation, with rents affordable to low-income individuals. Home Adaptations for Seniors' Independence (HASI) assists low-income elderly Canadians, whose difficulties in daily living can be addressed by certain adaptations to their homes.
- SAFER: Shelter Aid for Elderly Renters (BC Housing program).
- Secondary Suites: A self-contained unit in a building (typically a single family home). These rental units are also called basement apartments, apartments in houses, accessory apartments, in-law suites and "illegal" suites.
- SCPI: Supporting Communities Partnership Initiatives, a federal program and part of the National Homelessness Initiative, that provides funding to projects addressing the needs of the homeless and those at risk of homelessness.
- Shell housing: Housing built as a complete shell with the interior left unfinished. The owner can reside in the enclosed space or basement while completing the remaining structure.
- SIL: Supported Independent Living programs.
- Small Lot Zoning: A zoning tool designed to use land more effectively and efficiently by decreasing the average lot size, or creating a maximum lot size; and reducing setbacks.
- Social Housing: Generally housing that is subsidized by government.
- Special Needs: Persons with special needs include persons with chronic mental illness, physical disabilities, alcohol and/or drug dependency, brain injuries, HIV/AIDS, mental illness, children-in-care, inner city youth, women fleeing violence, disorderly offenders, young offenders and individuals who are homeless or at risk of homelessness, the frail elderly. Special Needs Housing includes short-term emergency shelters for the homeless, transition houses, group homes, single room occupancy, second stage and permanent self-contained accommodation.
- Streamlined Municipal Approval Process: The removal of obstacles that slow the development approval process. Usually involves a review of such regulatory tools as zoning and OCP amendments, development permits, and public processes.

- Supportive Housing: A form of housing that combines building features and personal services to enable people to remain living in the community as long as they are able and choose to do so. Support services, include, at a minimum: a private space with a lockable door, a safe and barrier-free environment, monitoring and emergency response, at least one meal a day available, housekeeping, laundry and recreational opportunities.
- TLC: The Land Conservancy
- UCB: Urban Containment Boundary.
- UDI: Urban Development Institute.
- Victoria CMA: Includes most of the Capital Region, the prime exception is the exclusion of Salt Spring and the Southern Gulf Islands.
- Victoria Homelessness Initiative (VHI): A local initiative in the City of Victoria to deal with the needs of the homeless and those at risk of homelessness. Funded under the National Homeless Initiative, the Victoria Steering Committee Community Action Plan on Homelessness and allocated SCPI funding to 29 projects between 2001-03. A second phase has recently been announced.

A.4 Background Statistics

Core Housing Need by Municipality, 1996

	Renter hhlds in need	% of total renter hhlds	Owner hhlds in need	% of total owner hhlds	Total in need	Total Hhlds	Need as % of total	Total as % of CRD
Sub. C	390	52.0	400	11.8	790	4,135	19.1	3.2
Highlands	15	21.4	10	2.5	25	465	5.4	0.1
View Royal	255	30.2	155	9.5	410	2,475	16.6	1.7
Sub. B	0	-	10	5.6	10	200	5.0	0.0
Langford	500	42.0	585	12.0	1,085	6,075	17.9	4.4
Metchosin	65	28.3	105	8.8	170	1,425	11.9	0.7
Colwood	285	25.3	205	5.9	490	4,575	10.7	2.0
Esquimalt	1,440	38.9	325	9.8	1,765	7,010	25.2	7.1
Victoria	9,330	41.6	1,425	10.4	10,755	36,135	29.8	43.3
Oak Bay	610	30.5	310	5.7	920	7,480	12.3	3.7
Sub. A	615	55.7	785	18.1	1,400	5,450	25.7	5.6
Saanich	3,310	33.8	2,060	7.3	5,370	38,065	14.1	21.6
C. Saanich	300	31.6	280	6.6	580	5,165	11.2	2.3
Sidney	465	36.2	260	7.3	725	4,840	15.0	2.9
N. Saanich	95	22.1	145	4.3	240	3,815	6.3	1.0
Sooke*	not available							
E. Saanich*	not available							
CRD	17,695	38.5	7,130	8.8	24,825	127,420	19.5	99.6

* Included in the CRD total.

Renter Households in Core Need, 1996

Household Type	Number	Average Income	Average Shelter Cost	Average Shelter to Income Ratio (%)
Non family households	10,675	\$15,224	\$606	51
Family households	5,570	\$20,404	\$782	49
Single Parent households	2,585	\$18,543	\$736	51
Total households	16,240	\$17,000	\$666	51

Renter Households in Core Need, CMA 1996

		%
Single parent families	2,585	15.9
Other families under 65	2,985	18.4
Non-families under 65	6,245	38.4
Seniors	4,430	27.3
Total	16,245	100.0

Owner Households in Core Need, CMA 1996

Non family households	2,840	45.5
Family households	3,400	54.5
Total	6,240	100.0

Median household income by municipality, 1996 & 2001

	Median income 1996	Median income 2001
CRD	\$41,659	\$45,942
Saanich	\$49,089	\$52,099
Sidney	\$38,789	\$44,013
North Saanich	\$60,451	\$71,711
Central Saanich	\$55,777	\$61,486
Oak Bay	\$54,104	\$58,905
Victoria	\$31,010	\$34,334
Esquimalt	\$35,230	\$40,101
Colwood	\$53,279	\$59,987
Metchosin	\$53,840	\$57,044
Langford	\$46,656	\$51,173
View Royal	\$45,098	\$54,950
Highlands	\$55,670	\$72,637
Sooke EA	\$42,149	\$44,921



Final Consultant's Report - July 2003
**A Proposed Housing Affordability Strategy
for the Capital Region - for Review and Discussion**

CRD Regional Planning Services 2nd Floor 510 Yates Street PO Box 1000 Victoria BC V8W 2S6
Telephone 250.360.3160 Fax 250.360.3159 <http://www.crd.bc.ca/regplan/RGS/Reports/Strategic/Has.htm>