

CAPITAL REGIONAL DISTRICT

Staff Report to the Regional Planning Committee
Meeting of Wednesday, March 21, 2001

SUBJECT:

Project Description for a Regional Housing Affordability Strategy

BACKGROUND:

- Oct 11, 2000: Committee-of-the-Whole reviews the findings of Capital Summit 2 and recommends to the Board that staff be authorized to prepare a draft Regional Growth Strategy (RGS) on the basis of the findings.
- Oct 18, 2000: Regional Planning Committee reviews preliminary project descriptions and implementation options for regional strategies for transportation, economic development and housing affordability (Agenda Item #5). The Committee directs staff to initiate discussions with prospective partners in the three strategic initiatives and report back to the Committee beginning in January 2001.
- Nov 8, 2000: The Board authorizes Regional Planning Services (RPS) to prepare a draft RGS.
- Jan. 17, 2001: RPC reviews the discussion papers prepared on these two topics, and directs in part that RPS:
1. Continue discussions with the Housing Affordability Partnership to clarify their potential role and participation in preparation of a Regional Housing Affordability Strategy; and
 2. Prepare, in consultation with the Housing Affordability Partnership, detailed terms of reference for undertaking a Regional Housing Affordability Strategy for the Committee's review.
- Feb. 28, 2001: The Board approves the draft RGS for circulation to municipalities and agencies for comment, for a four-month period.

DISCUSSION:

The attached Draft Terms of Reference for the Regional Affordable Housing Strategy were prepared with the input of the Housing Affordability Partnership Steering Committee.

Two meetings have been held with the Housing Affordability Partnership (HAP) Steering Committee to discuss the project description and the role of HAP in the preparation of the Strategy.

- The consensus was that HAP would be most effective as an Advisory Committee to the preparation of the Strategy. The option of having HAP incorporate and project manage the Strategy was not acceptable for several reasons, including the cost, timing and implications of incorporation as a society. As well, it is recognised that HAP has short-term goals beyond the preparation of the Strategy, which might not be feasible, if all its limited resources were concentrated on this long-term project.
- The description of the project in Attachment 1 was developed with extensive input from HAP and at the second meeting with the Steering Committee they were in general agreement with it.

Funding for the Strategy is estimated to be approx. \$150,000 - \$200,000, and sources are not yet confirmed. Exact costs would be determined during Phase 1 of the project, when the detailed work plan is developed. The Regional Planning Committee has previously included \$50,000 for it in the 2001 contingency budget. Other potential partners who have already expressed some interest in providing funding include the Capital Health Region and BC Housing, as expressed by their CEO's at the Capital Region Housing Corporation meeting of Feb. 27. The District Hospital Board may also have some funding available. Other potential funders, as yet unapproached, include Human Resources Development Canada (under their "Supporting Community Partnerships Initiative"), Real Estate Foundation, and Housing Affordability Partnership members (Urban Development Institute, BC Home Builders Assn., CMHC and the Apartment Owner Rentals Assn.). Contributions in kind would include municipal and agency staff time.

Given the extension of the timeline for the circulation of the Draft Regional Growth Strategy to municipalities and agencies from 2 months to 4, it is likely that a report back to the Board will not be made until the 4th week of September. In the interim, work on the Strategy could commence with background research, market analysis, and other preliminary tasks including securing of additional funding partners, in preparation for launching in earnest after a clean indication of support is received from the Draft's referral.

RECOMMENDATION:

That the Regional Planning Committee recommend that the Regional Board:

1. Approve \$50,000 from the Regional Growth Strategy's Contingency Budget 2001 for preparation of the Housing Affordability Strategy; and
2. Endorse the attached project description as the basis for further work.

Mark Hornell, Acting Manager
Mgr.
Regional Planning Services

Chris Goldburn, Info. Serv.
Regional Planning Services

EXECUTIVE DIRECTOR'S COMMENTS:

W.M. Jordan, Executive Director

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Attachment A
DRAFT TERMS OF REFERENCE
REGIONAL HOUSING AFFORDABILITY STRATEGY

Prepared by:
CRD Regional Planning Services
March, 2001

INTRODUCTION

On November 8, 2000, the CRD Board directed Regional Planning Services (RPS) to prepare a Regional Growth Strategy consistent with the recommendations of Capital Summit 2. The Summit recommended as a preferred direction, a modified metropolitan core and major centres option, with six strategic elements:

1. Regional Urban Containment Boundary;
2. Protection of Green/Blue Spaces;
3. Development of More Complete Communities;
4. Balanced Regional Transportation;
5. Strategy for a Stronger Regional Economy; and
6. Strategy for Improved Housing Affordability.

A public opinion poll taken as part of the RGS process in the summer of 2000 found that:

- 81% of residents of the Capital Region agree there is a need for a strategy for housing affordability;
- there was overwhelming support for the proposal that the CRD should act in cooperation with municipalities to create a strategy; and,
- there was overwhelming rejection of the proposal that municipalities should work alone or that no action should be taken.

Thus there is political and public support for a strategy for increasing housing affordability that enhances and reinforces the principles of the Regional Growth Strategy.

On October 18, 2000 the Regional Planning Committee (RPC) reviewed preliminary project outlines for a regional economic development strategy, a regional housing affordability strategy and a regional transportation strategy. RPC requested that staff investigate the proposed projects further, making contact with potential funding partners and other stakeholders to determine the level of interest in the project among potential partners, and explore options for project leadership, cost-sharing, timing and general scope. In particular, staff was directed to make contact with the Housing Affordability Partnership (HAP) and the Steering Committee of the Mayors Economic Summit.

This was reiterated on Jan. 17 when the RPC reviewed the discussion papers prepared on these two topics, and directed in part that RPS:

3. Continue discussions with the Housing Affordability Partnership to clarify their potential role and participation in preparation of a Regional Housing Affordability Strategy; and
4. Prepare, in consultation with the Housing Affordability Partnership, detailed terms of reference for undertaking a Regional Housing Affordability Strategy for the Committee's review.

Housing in Context - Some of the Housing Issues Facing the Capital Region

Although growth in the Capital Region has slowed in recent years, housing and housing affordability are still major issues that require a comprehensive policy response. The Capital Region has been one of the most expensive places in Canada in which to live. The constraints to land supply that will be experienced in the future will exacerbate the cost of housing. To respond to this situation, to minimize the negative economic,

social and environmental consequences that are likely to result from it, and to successfully implement the policy direction of the RGS, the Capital Region and its member municipalities must confront a number of conditions, with a clear understanding of their implications for housing affordability:

- As the supply of land available for development within the RGS' Urban Containment Boundary (UCB) becomes increasingly scarce, the price of land will increase.
- Changing demographics will lead to major shifts in demand for certain types of housing and the region is currently unprepared to meet the needs created by an aging population.
- Scarcity of 'greenfield' development sites inside the UCB means that the region will be relying on the infill and redevelopment of existing neighbourhoods for new housing stock, which is likely to cause some disruption and negative reaction from residents averse to change; meanwhile local councils, in supporting their residents, may resist densification.
- The minimum qualifying household income required to purchase an 'average home' was \$75,885 in 2000, compared to \$70,410 in 1999. These figures compare to an average regional household income of \$51,196 (1996).
- The rental housing stock is aging, and rents are not rising sufficiently to allow for renovation. Meanwhile development of new rental stock is not economically viable, and any rental projects demolished are virtually certain to be replaced by strata units. Victoria is no different with respect to its rental housing stock than the rest of Canada – CMHC and others have identified an annual national demand for 50,000 new and replacement rental units, while only 5,000 are being provided.
- The region's youth are even now finding it difficult to find decent housing that they can afford; our young people may move out of the region if they cannot afford to live here, and this will have serious consequences for the community and the economy.
- The region's supply of low-income housing is concentrated in Core municipalities; some other communities consider they need not be involved in resolving housing problems for low income groups.
- Public sector involvement, particularly funding, has been in decline and is not expected to increase in future in the traditional forms. Potential funders are seeking innovative solutions to housing problems, and include an emphasis on partnerships with governments, agencies, and private industry.
- 15% of the region's population is considered poor, and the poverty rates increased by 19% overall and 28% for those under 65 years of age, from 1991 to 1995. 25% of youth aged 15-24 were poor in 1995.
- In 1995, 54% of low income¹ couples, 42% of lone parent households, 67% of low income female individuals, and 71% of low income individual males paid more than 30% of income for housing, with wide variations across the region.

Without action and forethought, housing affordability is, or will be, an issue not only for the disadvantaged and the groups typically identified as being inadequately housed, but for a much wider segment of the population. The degree of intervention and the types of solution will vary – for example, those operating with more resources and ability will require less individual assistance, though solutions with a wider scope, such as municipal policies and operations, and efforts to reduce neighbourhood opposition to change would enhance access to appropriate housing. Failure to address housing affordability regionally and in a comprehensive way could result in a sharp decline in the general quality of life for all residents in the region and the overall well-being of the community. Substandard and inappropriate housing has impacts on people of all ages and ability status, in terms of physical and mental health and the ability to function in the community; reliance on temporary accommodation causes instability and isolation, and affects children's ability to learn. Stresses caused by financial strains affect health and family functioning.

¹ "Low Income" is defined as the Low Income Cutoff rates established annually by Statistics Canada.

Links between Strategic Initiatives

Quality of life is one of the main advantages of this region as seen by prospective residents as well as those already here, and is one of the main selling points for securing economic development opportunities. Housing costs, already high, may be a real deterrent to attracting firms, and to established firms trying to attract or retain qualified staff. Jobs created must have the wages necessary to afford to live in the region; part time and low-paid service sector jobs are not sufficient to afford decent housing either now or in the future. Construction has historically been a significant employment sector in the region (6.2% in 1999), and skilled labour of this type must be retained if the region is to continue to develop in all sectors. The service industries associated with real estate and housing are also important sources of employment. Housing affordability thus has a significant impact on economic development, and vice versa, and the two strategies dealing with these topics should be closely coordinated.

The Regional Housing Affordability Strategy should also be related to the forthcoming Regional Transportation Strategy. Existing and potential residents' housing decisions are based in part on the dwelling's accessibility, including its proximity to desired destinations such as workplace, schools, recreation opportunities and shopping locations. The time, money, and other costs required to reach those destinations are considered and factored into the overall affordability of housing. The options available for travel, and their costs, have a strong ability to influence the housing market both positively and negatively.

Any measures of success developed and adopted for the monitoring of the three strategies should be cross-sectoral, each measuring more than one of these facets of the community.

PURPOSE

The purpose of the Regional Housing Affordability Strategy is to ensure that all residents of the Capital Region, especially moderate and low income households, have a reasonable choice of housing by type, tenure, price/rent and location.

The Strategy will, with member municipalities, residents and other stakeholders:

- *identify the current and anticipated future issues concerning market and non-market housing affordability for no-, low- and middle-income and special needs households in the study area;*
 - *identify and analyze the extent of present and future problems;*
- *identify and recommend practical policies, and gain commitments to action and programs to address these needs and problems in the short and long term, across the region;*
- *involve a dynamic process to include the community in the development of the Strategy and recommended solutions; and*
- *act as a catalyst for substantial activities to deliver affordable housing in the region.*

SCOPE

Geography - The study area for the Regional Housing Affordability Strategy will be consistent with that for the Regional Growth Strategy. That is, it will include all the Capital Region except the Indian Reserves and Gulf Islands. First Nation Councils are currently not formal participants in the RGS. The Trust Area is specifically excluded by legislation from the regional growth strategy, and come under the jurisdiction of the Islands Trust.

Time – The Strategy should include long and short term goals and actions to be applied in the region to 2026, the term of the RGS.

Resident Groups – The Strategy will address housing affordability for both lower and middle income² residents. Housing will be considered to be ‘affordable’ when decent³, appropriate⁴ shelter is available for 30% of gross household income or less.

Sectoral Involvement – The strategy shall include recommendations for, and serve as a catalyst for action by, the public, private and non-profit sectors.

OBJECTIVES

General:

- To see, on the ground, a significantly greater number of more affordable homes than if there was no strategy at all.
- To foster and achieve innovation and creativity in resolving housing issues.
- To develop a strategy that is integrated with the other regional strategic initiatives on transportation and economic development, and which recognizes the interrelationships between housing and these other aspects of the sustainable community.

Policy, Regulatory and Process Changes:

- To remove obstacles to the supply of affordably priced market and non-market housing, region-wide, consistent with the overall growth management goals of the RGS.
- To create policies and plans for future development in the CRD that will take into consideration the need for housing for people of all incomes and situations, abilities, genders, family structure and age.
- To develop a strategy that is flexible, that can be adjusted to meet the different needs of different parts of the region, and with solutions that are transferable to various jurisdictions.

Education:

- To provide reliable, widely accessible information that is a common base for the community and for public and private stakeholders when participating in creating housing solutions.
- To increase awareness of the hardships of living without safe and affordable housing, and of resulting effects on the whole region and its economy
- To develop policies and actions to increase awareness and change public attitudes:
 - to reduce unwarranted opposition to change in residential and other neighbourhoods, and to challenge this attitude at the individual, neighbourhood and municipal levels; and
 - to shift public attitudes towards “affordable” housing and multiple housing forms in general.

Participation:

- To encourage mechanisms for inclusive, efficient and effective cross-sectoral participation
 - to develop and maintain housing stock;
 - to coordinate related programs and services, and increase funding leverage; and
 - to develop lasting partnerships and cooperation among the stakeholders.

Process:

- To develop the strategy via an inclusive process that
 - involves the community, stakeholders, and all levels of government, and
 - encourages awareness of housing issues, and dialogue between the parties mentioned above

Action Orientation:

- To create buy-in for the solutions recommended, by municipalities, senior governments, housing providers, the home building industry and the public.
- To define specifically how the municipal level of government, and other stakeholders, will address housing affordability needs.

² “Middle income” includes the second and third quartiles of household income in the Capital Region.

³ “Decent” means meeting health, building and safety standards, including public safety.

⁴ “Appropriate” means suitable to household size and structure, and the age, gender and ability of residents.

- To identify specific, immediate actions that can be taken by specified stakeholders in the short, medium and long term, to address housing issues and needs.

Accountability:

- To establish reasonable targets, measurable outcomes 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.

PROJECT TASKS

Pending development of a detailed work plan, the following tasks have been identified:

Phase 1

Develop the process and secure involvement of participants

*Develop and finalize a detailed work plan and a working definition of ‘affordability’
Secure sufficient funding for the development of the Strategy*

Phase 2

Refine and confirm strategy objectives with stakeholders including CRD decision-makers

Define and undertake necessary research and analysis:

- baseline data
- identify local needs, issues, assets, resources and capacities
- undertake an analysis of demographic projections in order to determine the potential demand for various sorts of housing
- a housing market analysis to identify and explain the particularities of this market
- gather information on other jurisdictions’ strategies and successes and distill for use

Consultation with stakeholders (see below) - throughout

Develop and implement communications strategy for project participants and wider community

Refine focus of strategy if appropriate, based on consultation and information obtained

Develop the strategy

- identify options and technically evaluate them
- identify actions to be taken, and their priority

Circulate draft for comment (possibly including to funding agencies)

Revisions

Phase 3

Presentation to RPC, Municipalities, and Board

Next Steps:

- Strategy implementation
- Preparation and execution of implementation agreements with municipalities, agencies, and senior governments as required
- Setup of monitoring program and review process

PARTICIPANTS, ROLES AND RESPONSIBILITIES

It is proposed that the Strategy be developed as a partnership of regional and provincial bodies: in particular the Capital Regional District, the Capital Health Region, and BC Housing. Other partnership

opportunities are described under ‘Funding’. These parties could engage in an agreement under Section 176 of the *Local Government Act*, which allows for the establishment of agreements with consenting federal, provincial, and municipal governments and agencies, as well as other incorporated bodies, to provide and operate regional services.

Based on discussions with the Housing Affordability Partnership Steering Committee, it is suggested that the most effective structure for the development of the Strategy would include:

- Project Management by either CRD Regional Planning Services or the Capital Region Housing Corporation or both, as determined by the funding partners;
- Establishment of a Steering Committee composed of the funding partners, or some other arrangement as determined by the partnership agreement;
- Hiring of a consultant or team to do research, develop the strategy and carry out the wide-ranging consultation program;
- Establishment of a cross-sectoral Advisory Committee consisting of representation from:
 - The Housing Affordability Partnership 5(HAP)
 - Municipalities
 - Provincial agencies involved in housing (other than BC Housing)
 - Federal agencies (other than CMHC)
 - Lending institutions
 - Real Estate industry
 - Business organizations (Chamber of Commerce)
 - Representatives from RGS Economic Development and Transportation Strategy teams

Note that Committee members may represent more than one category where appropriate. HAP could also become the advisory committee if its membership were enhanced as above, but this may not be practical or feasible.

The Advisory Committee will provide advice to the project managers and consultants on matters of process and substance. As representatives of a sectoral group, members should also take on the responsibility for communicating to their constituencies about the Strategy.

In terms of implementation of the Strategy once complete, the *Local Government Act* allows, under Section 868, for coordination of activities related to the implementation of a growth strategy with federal and provincial governments and agencies, local authorities, and other agencies, through the establishment of implementation agreements. Implementation actions could also be handled through the execution of agreements under Section 176 of the *Local Government Act*.

CONSULTATION

Development of a practical, dynamic Strategy will require that there be buy-in and support for its goals and actions from the entire community. In order to involve the community in the preparation of the Strategy and to ensure its success, it is essential that the work plan include a focussed consultation component. The details of this process will be provided by the consultant, in consultation with the Advisory Committee. Preliminary work has identified the following groups and individuals:

- Regional Residents (of all income levels) including those who typically have no voice

5 The Housing Affordability Partnership is currently an informal network of local housing providers, CMHC, CRHC, home-building industry, rental housing representatives, community groups, non-profit groups and others interested in promoting housing affordability in the region. Its current aims are twofold: (a) in the short or near term, to develop and partner in implementing projects to assist groups in need of affordable housing; and (b) in the longer term, to contribute to the development of the RGS Housing Affordability Strategy. HAP is currently seeking funding (separate from the funding for the Strategy) for a secretariat for its administration.

- Housing Agency Clients
- Agencies (public, private, non-profit including CHR/CRDHP)
- Municipalities – Councils, Planning, Engineering, Taxation
- Federal Gov't. (HRDC, CMHC)
- Province (Housing, Municipal Affairs, Social Development, Economic Development, Health, others?)
- Business organizations (general – economic development aspects)
- Building industry
- Real Estate industry
- Neighbourhoods and associations
- Financial institutions
- Churches

Consultation may include the following: Open Houses, Focus Groups, Workshops and use of the internet.

DESIRED OUTCOMES AND DELIVERABLES

The following desirable outcomes and products have been identified through consultation with HAP:

- Actions, responsibilities, timelines, and priorities for meeting the objectives
- **Policies and Regulations:** Alternative development standards; local recognition of housing issues and policies to facilitate solutions; drafts of Implementation agreements for the completed housing strategy; indicators for measurement of progress toward strategic goals and program evaluation.
- **Design:** Alternative forms of development; design suggestions
- **Processes:** new models for processes (funding, planning, building, delivery); improved planning/rezoning processes/approaches
- **Financial:** Investment Strategy to meet Core Housing Need; identification of funding sources/methods; changes in taxation to improve feasibility of development and affordability
- **Education:** Communication with community about strategy results and future actions; increased political and public awareness of and support for affordable housing solutions
- **Partnerships:** Enduring partnerships
- **Transferable solutions:** solutions usable throughout the region and elsewhere
- **Action:** Political Will to make decisions to increase affordable housing supplies

FUNDING POTENTIAL

It is estimated that the preparation of a Regional Housing Affordability Strategy will require approx. \$150,000 –200,000 for:

- *Knowledgeable and experienced consultant(s);*
- The consultation process; and
 - *Secretariat and administrative resources for advisory committee and consultations.*

Existing CRD staff will provide project management and control to document, track and report on expenditure of budget.

Regional Planning Services recommends that \$50,000 of its 2001 RGS Contingency Budget be identified for the Housing Affordability Strategy. In addition, preliminary discussions with the Capital Health Region and BC Housing have been very positive, and could result in contributions of \$50,000 each. Letters have already been sent to these two agencies inviting their participation. Phase 1 of the project will include approaches to BC Municipal Affairs, District Hospital Board, CMHC and Human Resources Development Canada (under their “Supporting Community Partnerships Initiative”) for additional funding. The availability of funding will affect the scope and detail of the resulting Strategy.

Contributions will also be made in kind. The time and effort put in by members of the Advisory Committee and government staff should be considered as valuable assistance to the process.

Smaller scale or more focused housing-related initiatives recently completed or with funding approval can be coordinated with the Regional Housing Affordability Strategy to reduce duplication. For example, Human Resources Development Canada (HRDC) has provided funding through its local working committee to identify specific short-term action programs for aiding the homeless, and the ideas brought forth may be included in the Strategy. HRDC also has funds available for longer-term planning initiatives, which could be part of or coordinated with the CRD Strategy.

TENTATIVE TIMELINES AND SCHEDULES

PHASE	TASKS	DURATION	COMPLETION
<i>1</i>	Regional Planning Services, on the direction of the Regional Planning Committee, works with the Housing Affordability Partnership to develop Project Terms of Reference.	4 wks.	Feb. 16
	Regional Planning Committee and Board concur with the Project Definition Statement, provide direction on the process and give budget approval for proceeding with the strategy.	4 wks.	March 28
	Confirm funding sources and acquire	10 wks.	
2	Finalization of Terms of Reference for the strategy; contact Advisory Cttee. members	2 wks.	
	Tendering of an Request for Proposals for consultants to prepare the strategy, selection, and execution of a contract with the winning bid	6 wks.	
3	Commencement of the strategy including - research phase; - establishment of advisory committee(s); and - public consultation. Includes weekly project management meeting and periodic meetings with advisory cttee.	24 wks.	
4	Submission of draft strategy Review by RPS and Advisory Committees Revisions Presentation to RPC and Board	6 wks.	Est. March 2002