

**CAPITAL REGIONAL DISTRICT**  
**Regional Planning Services Department**

Staff Report to the Regional Planning Committee  
Meeting of Wednesday, January 22, 2003

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**SUBJECT:**

Regional Housing Affordability Strategy Background and Update

**BACKGROUND:**

- **Sept. 15/16, 2000** – At the second Regional Summit, elected officials confirmed that the elements of the Regional Growth Strategy (RGS) should include housing affordability. Results of a random survey of regional residents confirmed that 82% of the representative sample surveyed found that preparation and implementation of a *regional* housing affordability strategy was acceptable.
- **Winter, 2000** – The draft RGS is prepared, and includes as one of its major elements, the need to improve housing affordability in the Region (see Attachment 1, excerpt).
- **March 28, 2001:** The CRD Board authorizes initiation of projects to develop a regional transportation strategy and a regional housing affordability strategy, and allocates funds for cost-sharing these projects with other agencies.  
A Terms of Reference is then prepared and circulated to the municipalities for comment, funding partners are identified and funding secured, and a partnership agreement is executed with the Capital Region Hospital Board, (then) Capital Region Health Authority, BC Housing, Canada Mortgage and Housing Corp., and Capital Region Housing Corp.
- **October 24, 2001** – Based on the above, the CRD Board approved initiation of a project: "To develop a practical and effective Regional Housing Affordability Strategy (RHAS) for the Capital Region, 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, over both the short and long term."
- **March, 2002** – The contract for the project is awarded to a consulting team led by Urban Aspects and work commences on gathering the baseline data for a market analysis.
- **May 30, 2002** - The Advisory Committee, composed of representatives from a number of sectors including finance, housing providers, developers, business, municipalities and representatives from the other two RGS implementation strategies, met for the first time. Members were given an orientation to the project. They met again in September, to discuss the Phase 1 report findings.

- **June 2002** - Focus groups with various stakeholders were held to discuss the data being gathered by the consultant team. These discussions provided validation of their findings, and identification of trends missed in the evaluation of the current housing situation here.
- **September 17 & 18, 2002** - Preliminary results were presented at Workshop #1, held in Victoria City Council Chambers on Sept. 17 and 18, 2002. Nearly 90 of the region's elected officials, members of the housing industry, housing advocates, and general public met to hear and discuss the results of the analysis prepared by the consultants.
- **December 10, 2002** – Workshop #2 at the Juan de Fuca Fieldhouse; approx. 58 participants discussed the results presented in Working Paper #1, and some possible solutions identified during the preparation of Phase 1 of the project.

## **DISCUSSION:**

### **Initiation of the Strategy**

The Regional Housing Affordability Strategy (RHAS) is one of three implementation strategies of the Regional Growth Strategy. Besides being one of the Provincial goals for growth strategies, housing supply and price were identified during the initial phases of the RGS' preparation as major concern both currently and in the future. Since the RGS was recommending other policies (like the Urban Containment and Servicing Boundary and preservation of environmentally sensitive lands) which would tend to limit outward expansion and the supply of 'new' land for future urban development, it was agreed that housing affordability should be directly addressed in the Draft RGS. A discussion paper (Attachment 2) was prepared and reviewed by municipalities, community groups, and future partners, and agreement received on the need for a strategy.

The Draft RGS therefore endorses the preparation of a housing strategy and implementation agreements, through a cross-sectoral partnership, within two years of adoption of the RGS. It also endorses the creation of a cross-sectoral partnership to continue the work of, and to implement, the strategy. Note that the strategy deals with 'housing affordability' and not 'affordable housing'. The latter has a connotation of low income or social housing. This Strategy is intended to deal not only with housing for those with no or low incomes, but also housing for moderate-income residents and market housing.

A Housing Affordability Strategy will no longer be able to rely on traditional housing program responses and solutions. Rather, it will have to be creative and able to generate community investment and commitment in the absence of senior government funding. This means that the Strategy must be a collaborative effort across the regional community, and that the development of community capacity will play important role.

It is fortunate that the Region has embarked on this Strategy at this time. Interest is high both in the community and at senior government levels in addressing housing issues. Though traditional funding is now scarce, the Provincial government is currently rewriting its housing policy, and consultants are working directly with the Office of the Premier on this topic. The Federal government has recently received papers from the Federation of Canadian Municipalities and from their own 'Canada's Urban Strategy' committee, reinforcing the importance of their involvement in solving housing problems. If and when senior government policies are changed, the Region will be ready to take advantage of any opportunities these offer.

### **Strategy Outline and Progress to Date**

The Strategy will be completed in several stages (see Attachment 3 for Outline and Timeline).

After several months of data gathering and analysis, focus groups, and the first of three workshops on the project, Phase One – "Assembling the Database" – has been substantially completed.

- The *Phase One Report* consists of a large compilation of data (to be added to throughout the project and as new census information is available) that will be useful in future years for further analysis and for monitoring progress. It has not yet been published, in part because there has so far been considerable difficulty in extracting useful information from the BC Assessment Authority's data, which was to be used to determine land availability and value.
- *Draft Working Paper #1*, which included an analysis of the available data and an identification of issues and gaps, was discussed at Workshop #1 and with the Advisory Committee, and is posted on the website<sup>1</sup>. Information on land supply and projected demand is still to be included. Some of the key findings are shown in Attachment 4.

*Initial Goals and Objectives* for the Strategy have also been prepared, and validated through the participants in Workshop #1 and the Advisory Committee.

Phase Two – "Testing and Building Capacity" – is underway. The consultants will synthesize the information gathered in Phase One to identify obstacles and challenges facing the region. They will also refocus the strategy to deal particularly with the groups identified as most in need during Phase One (i.e. low income renters). A list of possible options for addressing housing affordability has been prepared and reviewed by the stakeholder focus groups from Phase 1, and by the Advisory Committee and Workshop #2 participants. Using this input, the consultants will be preparing an evaluation of each option, including financial implications and viability from a variety of perspectives.

Phase Three – "Strategic Recommendations – Growing Capacity" will make recommendations for solutions in a number of areas: institutional and regulatory changes; partnerships, financing and tenure; innovative/practical housing forms; and key public sector initiatives. Out of this

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<sup>1</sup> see <http://www.crd.bc.ca/regplan/RGS/Reports/Strategic/WP1Sum.pdf>

phase will come an Implementation Plan. This document will then be the subject of consultation at workshop(s) and community meeting(s). A Monitoring and Evaluation framework will also be developed so that in future, progress toward the goals can be measured, and the degree of success achieved can be evaluated. A Draft Final Report will be prepared and reviewed by stakeholders, and the Final Report will be prepared and presented to the Board.

Attached for the Committee's information are Fact Sheets and a brochure on the Strategy.

**Recommendation:**

That Regional Planning Committee receive the report as information.

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RHAS Project Manager

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Mark Hornell, MCIP  
Director - Regional Planning Services

**EXECUTIVE DIRECTOR'S COMMENTS:**

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W.M. Jordan, Executive Director

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# Attachment 3

## Project Outline and Timelines

<b>Stage</b>	<b>Tasks</b>	<b>Products</b>	<b>Timeline</b>
Phase 1 – “Assembling the Database	<ul style="list-style-type: none"> <li>- Market analysis</li> <li>- Assessment of policy/legislation/ regulatory framework</li> <li>- Partnership, financing, tenure arrangements</li> <li>- Consultation – focus groups, Advisory Cttee., Workshop 1</li> </ul>	<ul style="list-style-type: none"> <li>- Phase 1 Report – ongoing data gathering</li> <li>- Working Paper 1</li> </ul>	<ul style="list-style-type: none"> <li>- ongoing – data added as available</li> <li>- Initially – completion by Mid-August; actually completed Dec. 9</li> </ul>
Phase 2 – “Innovations”	<ul style="list-style-type: none"> <li>- identification of solutions in each of above areas and “community building”</li> <li>- Consultation – focus groups, Workshop 2, Advisory Cttee.</li> </ul>	<ul style="list-style-type: none"> <li>- Phase 2 report – list of options and evaluation of each</li> <li>- Working Paper 2</li> </ul>	<ul style="list-style-type: none"> <li>- Late January</li> <li>- Mid – February (est.)</li> </ul>
Phase 3 – “Strategic Recommendations	<ul style="list-style-type: none"> <li>- Recommendations for changes, initiatives, action, partnerships, leadership, timing, etc.</li> <li>- Implementation Plan</li> <li>- Consultation – Workshop 3, Community meetings</li> <li>- Monitoring/Evaluation Framework</li> </ul>	<ul style="list-style-type: none"> <li>- Draft Final Report</li> <li>- Final Report</li> </ul>	<ul style="list-style-type: none"> <li>- March 30</li> <li>- April 30</li> </ul>

# Attachment 4

## Summary of Findings from Working Paper #1

- The changing public policy environment means that historically available sources of funding are no longer available. Further changes are anticipated.
  
- Availability of safe, stable and affordable housing is key to economic development and healthy communities. Lack of affordable and appropriate housing will directly result in increased costs in health and social service sectors, putting further burdens on the taxpayer.
  
- The Region is one of the most expensive areas in Canada to build housing because of:
  - high land costs – both currently and in the future, as the limited supply of developable land is taken up with urban development;
  - processing time – time taken to gain the necessary approvals before development, including public consultations; and
  - jurisdictional complexity – the number of municipalities, and the differences in processes and fees charged.
  
- The minimum eligible household income for new single-detached home ownership based on a 95% loan at 5%, and a 32% gross debt service ratio could be as low as \$55,000-60,000 in some parts of the CRD (Sooke, View Royal). However in areas where most of the development is occurring (Langford, Saanich) the minimum required for a 1400 sq. ft. house would be \$60,000-69,000.
- Comparatively, the median income (2000) of the Region's family households was \$60,800, of non-family individuals was \$22,000, and of lone parents was \$27,600.
- Home ownership affordability is very sensitive to changes in market interest rates. If rates were to increase by only 1.5%, this would increase the minimum household income needed to between \$69,000 and \$77,000 even though the cost of construction had not changed.
  
- The region's economy is based on tourism and the service industry, both of which tend to have employees with lower-paid jobs.
- The Victoria Census Metropolitan Area's (VMA) rental vacancy rate was the lowest in the country in 2001, at 0.5%; in 2002, that figure rose to 1.5%, still considered very low. Though rents are increasing at twice the rate of inflation, due to restricted supply, they are not high enough to justify the construction of more units – market rents are \$0.60 per square foot below the minimum required to make new construction viable.
- Of households in core<sup>2</sup> need in the Region, 16,000 were renters (1996) and 6,000 were

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<sup>2</sup> Households in core need 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. This Strategy considers only low- and moderate-income households in core need, to separate out those with higher incomes for whom high housing costs are a choice.

owners.

- Between 1991 and 1996, the rate of increase of renter households in core housing need rose 25% - four times' the increase in number of renters, and 3 times' the increase in total households. Recent events indicate that 2001 figures will likely show another increase in Core Housing Need.
  
- Many municipalities in the Region are not taking advantage of the tools available to them to increase the supply of housing that is affordable.
- Regulations, forms, fees and processing times vary considerably across the region, causing confusion and frustration among developers.
  
- There is an estimated current unmet demand for 2,295 units of supportive housing for seniors in the region.
  
- In the first 5 months of 2002, the BC Housing waiting list tripled compared to the same period in 2001. The Capital Region Housing Corp. waiting list is 30% higher than in 2001.
  
- Homelessness is rapidly becoming a regional issue, rather than one for Victoria alone.
- The number of families who are homeless is rising: between March and October the Burnside Gorge Community Assn. assisted 99 families absolutely homeless or at risk.
- There are over 200 people on the VIHA wait list for adult mental health housing – not counting those who are homeless or the waitlists of other agencies.
  
- The group considered to be in greatest need is low-income renters.