Report

Date	June 16, 2021	File:
To	Council	
From	Chris Osborne, Manager, Planning	Endorsed:
Subject	Affordable Housing Policy	

Purpose

To provide options for developing an affordable housing policy or strategy and seek confirmation on Council's desired direction. Staff will provide a brief verbal introduction.

Background

On December 16, 2020, Council referred the motion introduced by Councillor Douglas as a Notice of Motion to staff and resolved:

> "That the motion "*That Council direct staff to work with the Cowichan Housing Association to develop an affordable housing policy and implementation strategy*" be referred to staff for a future report to Council."

At the December 2, 2020, Council meeting, Councillor Douglas submitted a report. He outlined his concerns that the Municipality of North Cowichan's present Official Community Plan (OCP) policies about housing affordability (2.5.2.2–4) were insufficient to respond to the housing affordability and availability crisis engulfing the region. The report recommended that the Municipality develop a standalone housing policy and implementation strategy. The report contained a summary of the various tools that a municipality can consider to create or expand housing opportunities.

Discussion

Staff have reengaged with Cowichan Housing Association (CHA), noting that the previous Executive Director, John Horn, with whom preliminary discussions had already taken place in late 2020, is no longer in that role. Discussions have resumed with Acting Executive Director Bev Suderman and Project Planner Andrew Wilson.

The range of different policy tools available to address housing attainability is extensive. Some can be potentially deployed with immediate effect, while others represent significant projects or processes in their own right. Generally, the impact of the intervention will be proportionate to the effort or cost of implementation. Setting inclusionary zoning thresholds and infill policies requires careful thought and public consultation to ensure the policies deliver the intended effect.

Processes for arriving at a fully-fledged housing strategy can be long and complex. However, the Municipality benefits from the Cowichan Attainable Housing Strategy (CAHS) prepared by the CHA and endorsed by Council on May 15, 2019. The CAHS did much of the "heavy lifting" in terms of data-gathering, identifying the need, and gaining input from community members and stakeholders. In addition to the CAHS, the CVRD Housing Needs Report was accepted by Council on February 2, 2021. It is not necessary to duplicate this work but rather to translate its findings into a practical implementation strategy specific to the Municipality of North Cowichan.

Attachment 1 contains a high-level analysis of the tools (primarily as identified within Councillor Douglas' report, with some further additions, including ones suggested by CHA) in terms of cost, effort, public involvement, and impact. Each tool is assigned a number, used subsequently throughout this report.

In order to provide some structure and make the process manageable, the Affordable Housing tools contained within the list (Attachment 1) have been analyzed in two ways:

A. According to outcome (what is the focus of the tool?)

There are four main types of outcome from the municipal perspective that tools can deliver. These are:
- Land provision and acquisition
- Preservation of existing housing stock, including rentals and affordable purchase options
- Housing market controls
- Increase the stock of affordable rental and purchase options

B. Implementation timelines (where should the tool be prescribed or housed?)

Tools may be used directly as actions or changes (short term) or may require significant project work, including public consultation. The expected timescale for implementation provides the best way of deciding where the tool should be "housed":
- A policy directive within an OCP
- Contained in a standalone policy complementary to an OCP
- Directly implemented as an action, policy or bylaw, without a higher mandate

The aim is to strike a balance between setting out a strategic approach within the OCP, delegating actions to a more nimble standalone policy, and identifying short-term actions that can be undertaken without a significant process or overarching direction.

A more detailed analysis and complete list is provided in Attachment 1 to this report. The summary infographic below shows each numbered tool categorized in the above two ways. The four bins show the policy outcome (A), and the shape/colour-coding shows the implementation timescale (B):
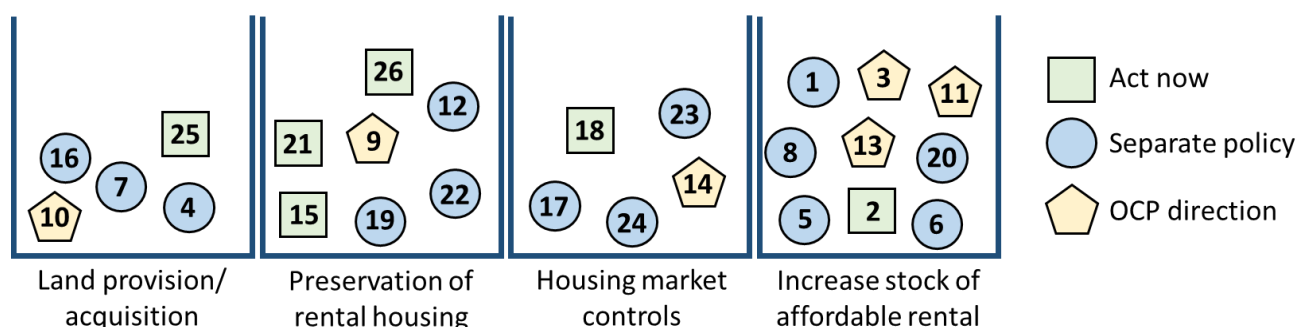

Figure 1: summary of affordable housing tools

The result is interesting in that there appears to be very little correlation between the two categorizations. In other words, actions across each implementation timeline can speak to all different outcomes. This is positive because it allows the Municipality to make progress on all four fronts in the short, medium and long term. Below, the tools are presented according to categorization B (implementation timescale/where they might best be housed), and with an indication of content.

1. OCP Direction

An OCP may either prescribe the use of a particular tool, provide direction to the subdivision Approving Officer, or may establish a mandate for future deployment of the tool, which may be through a subsequent OCP (or other bylaw) amendment, or development of a specific policy or program. Given the ambitious timeline for the OCP, it is not likely to be possible to implement many tools directly through the OCP. Instead, the OCP will largely voice a commitment to bring these forward post-OCP adoption, as time and resources allow. The proposed OCP direction is as follows:

#	Tool	Example OCP Direction/Text
3	Inclusionary Zoning	"MNC will investigate zoning bylaw amendments to require future density increases to incorporate a proportion of affordable units."
9	Rental zoning powers	"MNC will investigate zoning bylaw amendments to apply residential rental tenure zoning in appropriate areas."
10	Pre-zoning land	"MNC may from time to time, conduct zoning bylaw reviews to amend the zoning on parcels to provide for additional density for purpose-built rental and affordable housing projects."
11	Parking standards	"MNC will review parking standards within the zoning bylaw to give consideration to best uses of land and providing adequate but not excessive parking."
13	Increase infill and densification	OCP housing policies pertaining to infill – informed by current growth scenario work and public engagement
14	Family-friendly housing	"MNC will consider development of a policy and associated zoning bylaw amendments to ensure a range of unit sizes that can provide for families as well as 1- or 2- person households."

Table 1: Proposed OCP content

2. Standalone Affordable Housing Policy

More nimble than the OCP but lacking statutory force, a standalone policy can provide helpful direction and supplement OCP and zoning requirements. It forms a valuable reference point for staff negotiating development applications. For example, for discretionary decisions such as rezoning applications, a policy can set community amenity contribution expectations. This item (tool #4) is the most significant direct policy to be included and will likely require the most research and analysis, including potential stakeholder and public engagement.

The policy can also articulate a commitment to bring forward other bylaws and policies, in the same way that an OCP can contain "placeholder" policies. Other more minor tools, particularly those where the Municipality's role is limited to advocacy, may simply be direct statements to be included within the proposed policy.

#	Tool	Action, or Example Policy Direction/Text
1	Definition of affordable housing	Provide a rigorous and complete definition of affordable housing in MNC, along with other definitions as needed
4	Community Amenity Contributions	Provide guidelines for affordable housing-related amenity contributions proportionate to the degree of up-zoning sought.
5	DCC waivers	"MNC will consider development of a DCC waiver bylaw for certain non-profit housing projects."
6	10-year tax waivers	"MNC will consider development of a tax exemption bylaw for certain affordable housing projects."
7	Land provision and acquisition	"MNC will consider opportunities to purchase suitable sites for non-profit housing development. Staff will bring forward such opportunities to Council as they arise."
8	Secondary suites	"MNC will consider changes to the User Fees Bylaw to promote use and installation of legal secondary suites."
12	Secured rental housing	Set out scenario based incentives for 100% rental use within new developments
16	Partnership with land trust	Commitment to partner with land trust to deliver on-the-ground projects
17	Pet friendly policies	"MNC will advocate for pet-friendly accommodation and promote education and information for that purpose."
19	Rental replacement ratios	"MNC will develop a policy that applies to the redevelopment of purpose built rental buildings to ensure no net loss of affordable rental options."
20	Pre-approved coach house designs	"MNC will investigate use of pre-approved designs for ADUs and may create incentive based promotions (such as a design competition)."
23	Construction cost and rent control advocacy	"MNC will advocate for provincial and federal market interventions that regulate and limit construction costs and rent increases."
24	Promote BC Housing HUB	"MNC will promote other government or non-profit initiatives and make information available on its website."

Table 2: proposed Affordable Housing Policy content

3. Actions implementable at any time

This set of tools represents actions that the Municipality can undertake at any time and do not necessarily need to be prescribed in an overarching policy. "At any time" does not necessarily mean these can all be immediately achieved; organizational capacity is likely to be the most significant limiting factor in progressing these items. However, Council is able to endorse these actions as things for staff to bring forward as and when resources and priorities allow.

#	Tool	Implementation action
2	Fast tracking applications	Review development application process for opportunities to fast-track non-profit housing developments
15	Tenant relocation	Prepare and adopt a "renovictions" bylaw (as per New Westminster)
18	Speculation tax	Council resolution to write to Provincial ministers regarding inclusion within taxable regulations (collaborate with CVRD and other partners)
21	Vacation rental	Research the impact of short-term vacation rentals in the area and bring forward report with regulatory responses if justified
25	Create policy for Affordable Housing Reserve Fund	While the Municipality has a fund into which contributions are paid, there is no policy or strategy for deploying this fund. Providing policy will enable the Municipality to plan ahead and act strategically.

Table 3: potential other action items not requiring an overarching policy

It is important to note that in each case, the table presents a menu of options to consider. There is no binding obligation to proceed with any item. Still, by adopting an OCP, policy, or direction to staff, as the case may be, the Municipality is setting out a commitment to evaluate an option. For example, a policy item to consider a Development Cost Charges (DCC) waiver bylaw (tool #5) is just that – a mandate to investigate the use of such a bylaw and bring information forward for Council to decide whether or not to proceed with further bylaw development and eventual adoption. Public input may also be sought to assist Council in making such decisions.

Options

The purpose of this report is to break down the list of potential affordable housing tools into different categories to help the Municipality take a strategic approach to review and implementation. There exists some urgency in that as development projects progress during the current active market conditions, opportunities may be lost in the absence of a policy/strategy. However, for the same reason, it is not recommended to commence a significant and lengthy process to develop a comprehensive, affordable housing strategy.

The proposed affordable housing policy content is suggested with a view to completing such a policy within a timeframe of approximately 3-6 months, containing a mixture of direct policy direction and "placeholder" commitments to investigate future policy tools. Council's options are:

1. (Recommended Option) Endorse the proposed inclusion of numbered tools within the OCP (as per Table 1) and proposed Affordable Housing Policy (as per Table 2) set out in this report

    THAT Council direct staff to:
    (1) Include the items substantially as set out in Table 1 of the Planning Manager's June 16, 2021 report within the draft OCP currently being prepared.
    (2) Prepare a draft Housing Policy, containing items substantially as set out in Table 2 of the Planning Manager's June 16, 2021 report, working with Cowichan Housing Association and other stakeholders as needed, for Council's subsequent review.
    (3) Provide options and implications for implementing items set out in Table 3 of the Planning Manager's June 16, 2021 report within a future staff report accompanying a draft Housing Policy.

2. As per option 1 above but with specific numbered tools moved, modified or removed by Council

    THAT Council direct staff to:
    (1) Include the items substantially as set out in Table 1 of the Planning Manager's June 16, 2021 report within the draft OCP currently being prepared, with the [*exception or addition of items identified by Council*].
    (2) Prepare a draft Housing Policy, containing items substantially as set out in Table 2 of the Planning Manager's June 16, 2021 report, working with Cowichan Housing Association and other stakeholders as needed, with the [*exception or addition of items identified by Council*], for Council's subsequent review.
    (3) Provide options and implications for implementing items set out in Table 3 of the Planning Manager's June 16, 2021 report within a future staff report accompanying a draft Housing Policy, including [*items identified by Council*].

3. Provide alternative direction to staff in terms of the desired approach to an Affordable Housing Policy

    THAT Council direct staff [*to be identified by Council*]

Implications

Staff recommend Option 1 above, striking a balance between developing meaningful content and providing a product for Council adoption within a reasonably short timeframe which does not trigger significant public engagement concurrent with ongoing OCP public consultation. Should Council prefer a different approach, staff may need to report back on resourcing considerations in order to provide further options.

Staff can produce a draft policy document without any additional budget request, engaging with the CHA and others as needed. Once a draft has been produced, staff can present options for Council's consideration, including whether public or stakeholder consultation is desired. This might be anticipated during Q4 2021, provided no other significant new priorities are added to the departmental work plan.

Other items are suggested to be deferred to the OCP as policy directions, and their inclusion will necessarily be subject to public review. A decision to move forward with any of the policy directions, whether identified within the OCP, a standalone policy, or simply a Council resolution, may also entail a project charter and public engagement process of its own.

Recommendation

THAT Council direct staff to:
(1) Include the items substantially as set out in Table 1 of the Planning Manager's June 16, 2021 report within the draft OCP currently being prepared.
(2) Prepare a draft Housing Policy, containing items substantially as set out in Table 2 of the Planning Manager's June 16, 2021 report, working with Cowichan Housing Association and other stakeholders as needed, for Council's subsequent review.
(3) Provide options and implications for implementing items set out in Table 3 of the Planning Manager's June 16, 2021 report within a future staff report accompanying a draft Housing Policy.

Attachments:
    1.   Policy tool analysis

Housing Policy Tools Analysis

Intent is to determine which tools can be included within the new OCP, which can better be articulated through a standalone policy that will supplement the OCP, and which actions can be undertaken at any time. This analysis is also intended to inform decisions on prioritization of actions, which may also be spoken to within a policy.

Categorization:

OCP = inclusion within OCP policies

SAP = include within stand alone policy

ACT = action at any time in the absence of policy

Theme

1 = Land Provision and Acquisition

2 = Preservation of Rental Housing

3 = Housing Market Barrier Controls

4 = Increase Affordable Rental Stock

Effort: the amount of administrative time/resources required to implement and maintain

Cost: includes cost implications associated with implementation

Public: degree of public input/consultation required

Impact: what difference will this make in an MNC context?

+ = relatively minimal

++++ = significant

#	Tool/Action	Description	Cat.	Theme	Effort	Cost	Public	Impact
1	Definitions of affordable housing	Develop clear, unambiguous locally-appropriate definitions of affordable housing and affordable rental housing	SAP	4	+	+	+	+
2	Fast tracking applications	Internal process and Procedures Bylaw amendment for eligible non-profit development proposals	ACT	4	++	++	+	+
3	Inclusionary Zoning	Zoning bylaw amendment to require minimum proportion of affordable units within new developments	OCP	4	+++	++	++	+++
4	Community Amenity Contributions	Standalone policy to define financial contributions in proportion to the degree of rezoning sought	SAP	1	++	+	++	++
5	DCC Waivers	Adopt a bylaw reducing or eliminating DCCs for certain non-profit developments	SAP	4	+++	+	++	++
6	10-year Tax Waivers	Waive property tax for up to 10 years for eligible non-market housing projects	SAP	4	++	+++	+	++
7	Municipal land provision and acquisition	Manage the Municipality's property portfolio to provide opportunities for non-profit development, including land acquisition by the municipality.	SAP	1	++	++++	++	+++
8	Secondary suites etc.	Reduced user fees for suite units	SAP	4	++	++	+	+
9	Rental zoning powers	Apply new zoning powers for residential rental tenure, under conditions set out in the OCP	OCP	2	+++	++	+++	+++
10	Pre-zoning land	Pre-zoning for increased density subject to affordability conditions	OCP	1	+++	++	+++	+++
11	Parking Standards	Reduce parking requirements (OCP policy, subsequently enacted by zoning bylaw)	OCP	4	++	+	++	+
12	Secured rental housing	Scenario-based incentives for 100% rental use	SAP	2	++	+	+++	++
13	Increase Infill & Densification	OCP policies to encourage intensification on existing lots and more effective and efficient use of land	OCP	4	+++	++	+++	++

#	Tool/Action	Description	Cat.	Theme	Effort	Cost	Public	Impact
14	Family Friendly Housing	Zoning or other controls to ensure a certain % of units are 2- and 3- bed	OCP	3	++	++	++	+
15	Tenant Relocation	Safeguards/bylaw to prevent "renovictions". See 2021 BCCA 176	ACT	2	++	+	++	++
16	Partnership with Land Trust	Local partner for whom municipality can provide land for projects, and to manage non-market housing.	SAP	1	+++	+++	++	+++
17	Pet friendly policies	Increase percentage of rental properties allowing pets through advocacy and education	SAP	3	+	+	+	+
18	Speculation tax	Lobby for inclusion of CV within taxable regions	ACT	3	+	+	+	+
19	Rental Replacement Ratios	Requirements to replace any affordable or rental units lost.	SAP	2	+	+	+	+
20	Pre-approved coach house designs	A form of fast-tracking development applications by providing "off the shelf" designs not requiring individual form & character review.	SAP	4	++	++	++	+
21	Vacation rental business license and policy	Examine impact of vacation rentals on overall local market/availability and devise regulation as needed.	ACT	2	++	+	++	++
22	Renoviction and rent control advocacy	Lobby provincial government/agencies	SAP	2	+	+	+	+
23	Real estate overbidding and construction cost controls	Lobby provincial government/agencies	SAP	3	+	+	+	+
24	Promote BC Housing HUB Development Financing	Information sharing and awareness	SAP	3	+	+	+	+
25	Create policy for Municipal Affordable Housing Fund	Policy to guide deployment of funds within the AH Reserve Fund	ACT	1	+	+	+	++
26	Strata Conversion Policy	Revise and update municipal conversion policy to guide Council and AO	ACT	2	+	+	+	+