

DATE OF MEETING April 26, 2021

AUTHORED BY KARIN KRONSTAL, SOCIAL PLANNER

**SUBJECT AFFORDABLE HOUSING STRATEGY – ANNUAL IMPLEMENTATION UPDATE**

## **OVERVIEW**

### **Purpose of Report:**

To provide the Governance and Priorities Committee with the second annual update on the implementation of Nanaimo's Affordable Housing Strategy.

## **BACKGROUND**

On 2018-SEP-17, Council approved the Affordable Housing Strategy (the "Strategy"), the City's first comprehensive study of affordability across the housing continuum, which includes social, non-market, and market housing. The Strategy establishes the City's role and priorities with regard to promoting affordable, appropriate, and accessible housing in Nanaimo for the 2018-2028 period. The five objectives of the Strategy include:

1. Increase the supply of rental housing
2. Support infill and intensification in existing neighbourhoods
3. Diversify housing forms in all neighbourhoods
4. Continue to support low-income and special needs housing
5. Strengthen partnerships and connection

Following the first 2019-DEC-19 annual update received by Council, this report provides the second annual update on housing trends and progress made in 2020 towards achieving Strategy objectives (see Attachment A - Housing Targets).

The Strategy's implementation framework divides the policy directions into immediate/short-term (1-2 years), medium-term (3-5 years), and long-term (5-10 years) priorities. While this report focusses on progress towards short-term priorities, there are some medium- and long-term priorities that have also been achieved, such as establishing Nanaimo's first Rent Bank. The report also provides an overview of ongoing and future implementation actions for 2021-2022 (see Attachment B - Affordable Housing Strategy Implementation Table).

## **DISCUSSION**

Several factors impacted the Strategy implementation in 2020. The most significant being the ongoing COVID-19 pandemic, which changed the timeline of several projects with a public engagement component. Significant Staff resources also went towards supporting the work of the Health and Housing Task Force, and the rollout of the Memorandum of Understanding (MOU) with BC Housing, as well as other projects to address homelessness. At the same time,

these initiatives contributed directly to progress on Objective 4, “Continue to Support Low Income and Special Needs Housing,” and Objective 5, “Strengthen Partnerships and Connections”.

It should also be noted that the Strategy, while specifically focussed on the City’s direct influence on housing affordability, will continue to be implemented while complementing the broader Health and Housing Action Plan (HHAP) endorsed by Council on 2021-FEB-22.

## 2020 Progress Measures Summary

The Strategy identifies targets for measuring implementation progress. Below is a summary of City progress towards these targets (see Attachment A) as measured using key performance indicators sourced from 2020 Canadian Mortgage and Housing Corporation (CMHC) and City of Nanaimo data:

- **On track** to meet target of 50% of new housing as purpose-built rental with 40% of new housing starts as purpose-built rental.
- **On track** to meet 70% target of new residential housing starts in multi-unit dwellings with 58% of intended starts in multi-unit dwellings.
- **Exceeding** target of 50% of new housing construction starts in apartments with 55% of new starts as apartments.
- **Exceeding** target of 20% of rental as two- to three-bedroom units. However, more rental units with three or more bedrooms are especially needed (44.9% of existing rentals are two- or three+-bedroom apartments, but only 4.1% are three+ bedrooms).
- **On track** to meet supportive and below-market rentals target within a three- to five-year time frame.

Despite record levels of new rental housing, Nanaimo’s Canada Mortgage and Housing Corporation (CMHC) vacancy rate remains persistently below the 3% threshold commonly believed to indicate a balanced rental market. The vacancy rate was 1% as of October 2020, dropping from 2% in 2019. It has been below the 3% threshold since 2015.

It is also worth noting that the CMHC vacancy rate does not include the secondary rental market (e.g., homes that are rented out or secondary suites) that fill a key gap in Nanaimo’s rental housing market. In 2019, 70% of new single-family dwellings were built with secondary suites, adding 145 secondary suites. Comparatively, in 2020, 60% of new single-family dwellings were built with suites, adding 129 secondary suites to the existing housing stock.

## 2020-2021 Project Implementation Progress

Over the past year, Staff have substantially completed a number of projects that address housing affordability and accessibility, including: the density bonus review, Community Amenity Contribution Policy update, the Rent Bank launch, and short-term rental regulations. There has also been progress through partnerships with the Province and other Health and Housing Task Force members. This includes the BC Housing MOU announced in 2020 to provide additional

supportive and affordable housing units, and a Provincial commitment for a navigation centre to house, stabilize, and transition homeless individuals into other forms of housing. Due to these initiatives, the City is on track to meet our affordable housing as well as supportive housing targets. Details are included in Attachment B.

Highlights for the 2021 Strategy implementation work plan include several projects that will be considered through the REIMAGINE NANAIMO process, including rental-only zoning and developing a land acquisition policy for affordable housing. Other projects, such as the Family-Friendly Housing Policy and the update of the Housing Legacy Reserve Fund Policy, will build on work done in 2020 through the Child Care Needs Assessment and the Health and Housing Action Plan.

## **CONCLUSION**

Staff continue to work on implementing the Strategy to improve access to affordable, appropriate housing and accessible options across the housing continuum. The additional direction provided by the Health and Housing Action Plan and the opportunities presented by REIMAGINE NANAIMO will also inform key projects and priorities in 2021.

## **SUMMARY POINTS**

- Overall, the City is on track or meeting several key targets established in the Affordable Housing Strategy, including those related to new purpose-built rental, secondary suite, and multi-family construction.
- However, despite a strong purpose-built rental construction market, Nanaimo's vacancy rate for purpose-built rental is persistently low at 1%.
- Staff have worked on a number of Strategy implementation initiatives over the past year, including the Density Bonus review, Community Amenity Contribution Policy update, the launch of a new Rent Bank, and short-term rental regulations.
- Highlights for the 2021 Strategy implementation work plan include consideration of rental-only zoning, a land acquisition policy, a family-friendly housing policy and the update of the Housing Legacy Reserve Fund Policy.

## **ATTACHMENTS**

ATTACHMENT A: Housing Targets

ATTACHMENT B: 2020-2021 Affordable Housing Strategy Implementation Table

### **Submitted by:**

Lisa Bhopalsingh  
Manager, Community Planning

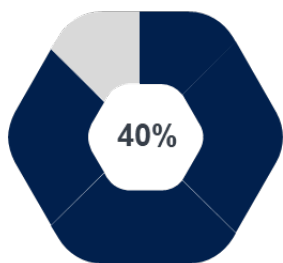
### **Concurrence by:**

Bill Corsan  
Director, Community Development

Dale Lindsay  
General Manager, Development Services

# HOUSING TARGETS UPDATE

## Housing Starts as Rental



Target: 50%  
Approaching Target

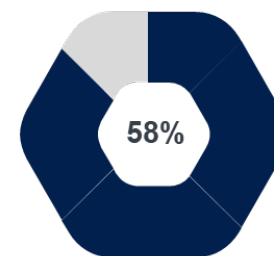
## Rental Housing Units Secured



165 Student Units /  
6 Market Rental Units

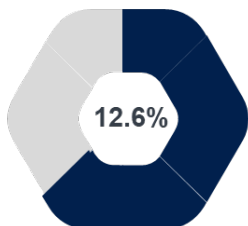
Target: Increase Supply  
Exceeding Target

## Multi-Family Dwelling Units Created



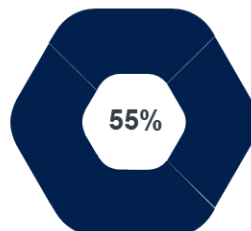
Target: 70%  
Approaching Target

## New Starts as Ground-Oriented Units



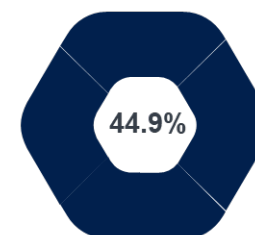
Target: 20%  
Not Meeting Target

## New Starts as Apartments



Target: 50%  
Exceeding Target

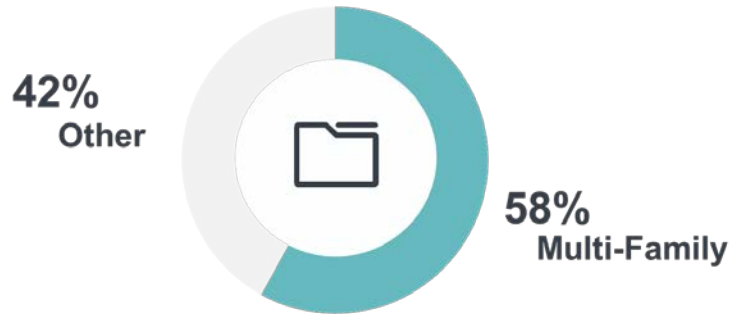
## 2 & 3 Bedroom Apartments



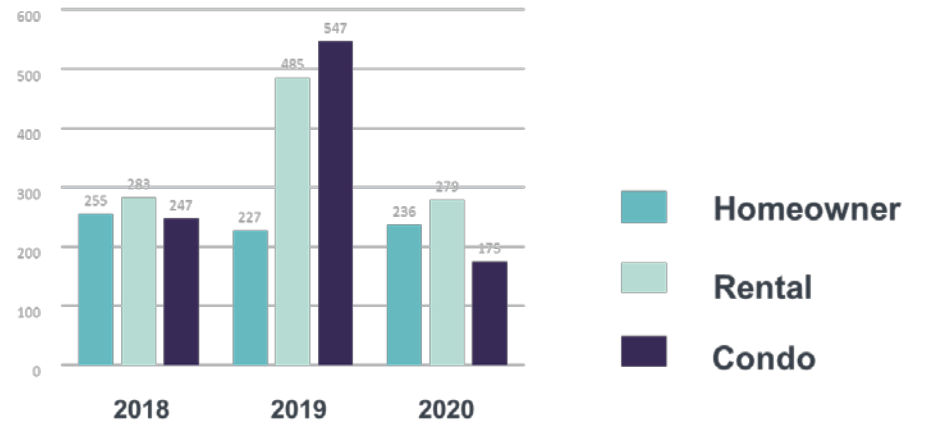
Target: 20%  
Exceeding Target

# HOUSING TARGETS Continued

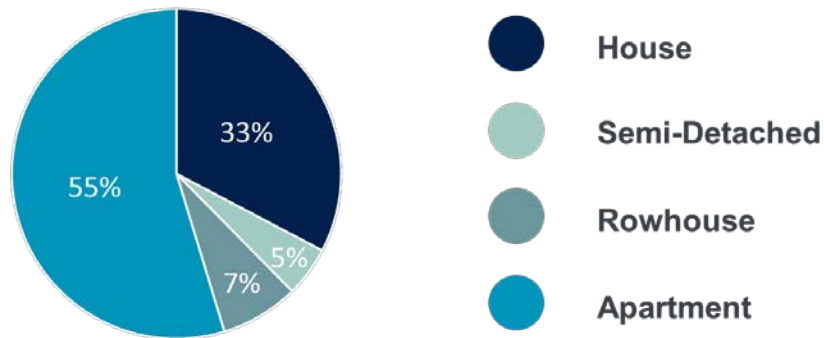
**% of New Units by Building Permit (2020)**



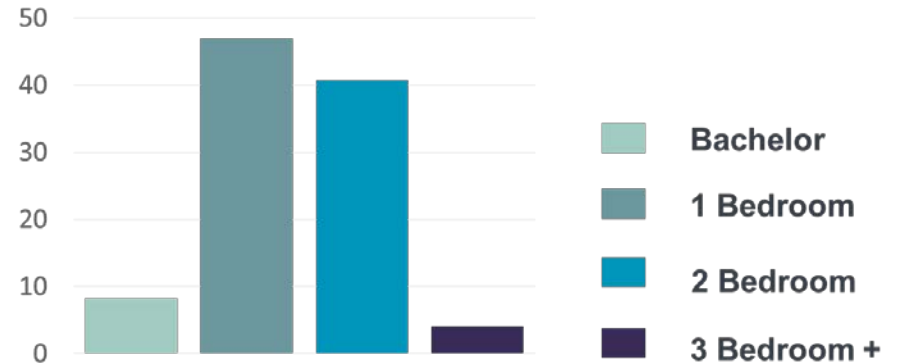
**Housing Starts (2018-2020)**



**Starts by % Housing Type**



**% of Rental by # Bedrooms**



# HOUSING TARGETS Continued



**171 Secured  
Rental Units**



**60% of New Homes  
have Suites**

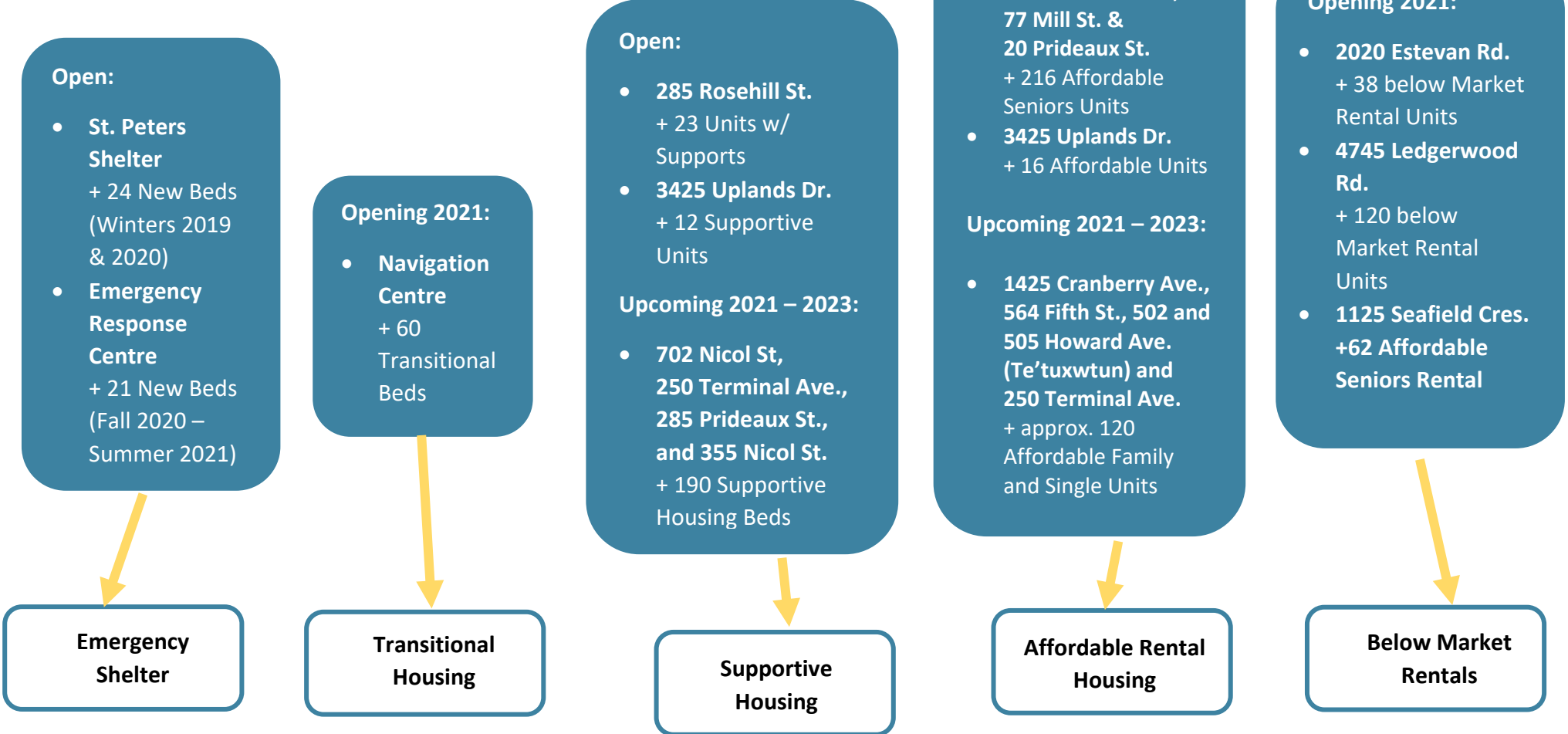
## Private Apartment Vacancy Rates (%)

	October 2017	October 2018	October 2019	October 2020
Bachelor	4.5	5.0	0.7	0.0
1 Bedroom	1.5	2.3	1.6	1.4
2 Bedroom	1.2	2.0	2.2	0.8
3 Bedroom +	**	2.6	5.8	0.0
<b>Total Vacancy Rate</b>	<b>1.9</b>	<b>2.4</b>	<b>1.9</b>	<b>1.0</b>

**2020 Average Vacancy Rate**

**1.0 %**

# Additions to Non-Market Housing Continuum since Affordable Housing Strategy Adoption (2018)





# ATTACHMENT B

Affordable Housing Strategy Implementation Projects 2020 – 2021				
	AHS Objective	AHS Policy Direction	Project	Anticipated Date of Completion
A.	Increase the supply of rental housing	Develop a secured market rental housing policy	Zoning Bylaw Update allowing modular housing	<b>Complete.</b> On 2019-DEC-02, Council adopted “Zoning Amendment Bylaw 2019 No. 4500.158,” which included an amendment to separate the definitions of ‘mobile home’ and ‘modular home’. The restriction on “no secondary suites in mobile homes” remains, but secondary suites are now permitted in modular homes. Modular construction can now also be used to develop a suite as a detached accessory building, which can achieve significant cost savings over traditional construction.
B.	Strengthen partnerships & connections	Support the development of a local rent bank program	Nanaimo Rent Bank	<b>Complete.</b> On 2020-JUL-27, Council allocated \$90,603 from the Housing Legacy Reserve of funds received through the Online Accommodation Tax to the Nanaimo Region John Howard Society in order to operate a local rent bank as a temporary pilot project. \$43,000 and in-kind support was also awarded from BC Rent Bank for a region-wide project. The rent bank launched on 2021-JAN-18. Since the Rent Bank was established, the Nanaimo Homeless Coalition has allocated an additional \$100,000 from the Government of Canada’s Reaching Home: Canada’s Homelessness Strategy distributed by United Way Central & Northern Vancouver Island.
C.	Strengthen partnerships & connections	N/A	Health and Housing Task Force & Action Plan	<b>Complete.</b> Endorsed by Council on 2020-FEB-22, with direction to work with a transition team on implementation and return to Council with a report within three months.
D.	Continue to support low income & special needs housing & Increase the supply of rental housing	Update approach to density bonusing	Density Bonus policy review (Schedule D)	<b>Draft complete.</b> An amendment to “Schedule D” of the Zoning Bylaw will be introduced at the GPC meeting on 2020-APR-26 that will provide for bonus density incentives for different levels of affordable housing (affordable ownership, affordable rental, and non-market housing) and aligns with the directives of the Strategy. The amendments will also include additional points for purpose-built rental housing secured in perpetuity.
E.	Continue to support low income & special needs housing	Update the community amenity contribution policy	Community Amenity Contribution Policy	<b>Draft complete.</b> A new Community Amenity Contribution (CAC) Policy was presented at the 2020-MAR-08 Governance and Priorities Committee meeting. The proposed CAC Policy includes guidelines for both in-kind amenities and monetary contributions to the City. Also, the CAC Policy contains considerations for supporting affordable housing initiatives, including proposing an increase to the amount of funds directed to the Housing Legacy Reserve Fund.
F.	Increase the supply of rental housing	Restrict short term rentals	Short-term rental regulations	<b>Ongoing.</b> At the Governance and Priorities Committee (GPC) meeting held 2020-OCT-26, Staff presented a number of options regarding the regulation of Short Term Rentals. Staff are continuing consultation as directed by Council and a community survey is currently underway until 2021-MAY-10. Staff anticipate bringing a report to Council following the conclusion of community engagement.
G.	Continue to support low income & special needs housing	N/A	Increase the availability of rent supplements.	<b>Ongoing.</b> The Strategy provides a target of adding 100-120 new rent supplements for low-income individuals and families to access market housing. BC Housing currently provides 148 ongoing rent supplements to homeless/at-risk individuals through partnerships with non-profit organizations in our community, which is nearly double what was provided three years ago when the AHS was completed. On 2020-NOV-18, the Finance and Audit Committee recommended that Council direct Staff to provide \$35,000 in funding from the Housing Legacy Reserve to the Nanaimo Region John Howard Society in order to continue to fund the Housing First Rent Supplement Program for 2021. The amount of rental supplement varies based on a person’s income, with an upper limit of \$300 per monthly supplement. The approved funds will support at least ten rent supplements for the year.



**Affordable Housing Strategy Implementation Projects 2020 – 2021**

	<b>AHS Objective</b>	<b>AHS Policy Direction</b>	<b>Project</b>	<b>Anticipated Date of Completion</b>
H.	Continue to support low income & special needs housing	Continue to support non-market housing development	Continue to support the non-profit sector by assigning a staff person as a primary liaison to field questions and shepherd projects through the approval process.	<b>Ongoing.</b> There are a significant number of new affordable rental housing projects in development, which Staff anticipate will be secured as affordable rental with housing agreements in exchange for a 50% reduction in development cost charges (DCCs). Staff have had a number of pre-application meetings and anticipate that the affordable rental projects already in stream will enable the City to meet the AHS target of 400-600 additional below-market rentals by 2023.
I.	Continue to support low income & special needs housing	Continue to support non-market housing development	MOU with BC Housing	<b>Ongoing.</b> The MOU agreement includes new developments proposed on six (6) sites around the city: three (3) affordable rental housing developments with approximately 120 homes for people with low to moderate incomes; and, four (4) supportive housing developments with approximately 190 homes for people experiencing or at risk of homelessness in the community. All projects anticipated to be completed by the end of 2022. Additionally, the City is partnering with BC Housing on a new, 60-bed navigation centre that will provide transitional housing with wraparound supports anticipated to be open during 2021.
J.	Continue to support low income & special needs housing	Continue to support non-market housing development	MOU with BC Housing, SD68 and Snuneymuxw First Nation for the Te'tuxwtun project	<b>Ongoing.</b> Work is currently underway on the Te'tuxwtun Master Plan that is anticipated to have new affordable housing units in addition to those committed to through the above noted BC Housing MOU. The completion of the Master Plan is anticipated in late 2021/early 2022 and this will be followed by implementation to construct the new housing.
K.	Increase the supply of rental housing	Develop a secured market rental housing policy	Rental Zoning	<b>2021 Project.</b> Rental Zoning is an element of Secure Market Rental Housing Policy, which will be considered through the REIMAGINE NANAIMO process as a potential policy tool to facilitate more rental housing in specified areas of the city.
L.	Continue to support low income & special needs housing	Develop a land acquisition strategy	Land acquisition policy	<b>2021 Project.</b> This project is being considered as part of the REIMAGINE NANAIMO Coordinated Strategic Plan Review. It is anticipated that a draft Land Acquisition Strategy will be brought forward for Council's consideration in late 2021.
M.	Continue to support low income & special needs housing	Update housing legacy reserve fund policy	Housing Legacy Reserve Policy	<b>2021 Project.</b> This project was deferred until the Health and Housing Action Plan was endorsed. Recommendations on any changes to the Housing Legacy Reserve Policy will be drafted in alignment with the Health and Housing Action Plan and will be brought forward for Council consideration.
N.	Diversify housing form in all neighbourhoods	Develop a policy on family friendly housing	Family-friendly housing policy	<b>2021 Project.</b> This project was scheduled for 2020, but was delayed when Staff resources were diverted to undertake the Provincially-funded, regional Child Care Needs Assessment. This study is now near completion, and data from the study will be used to inform the Family-Friendly Housing Policy, now anticipated to be completed in 2021. This project will also be informed by the findings of the RDN Social Needs Assessment (anticipated to be complete in Fall 2021).

# Affordable Housing Strategy 2020 Annual Update



Information Report  
Governance and  
Priorities Committee  
2021-APR-26



## Objectives

1. Increase the supply of rental housing
2. Support infill and intensification in existing neighbourhoods
3. Diversify housing form in all neighbourhoods
4. Continue to support low-income and special needs housing
5. Strengthen partnerships and connections



## Vacancy Rates

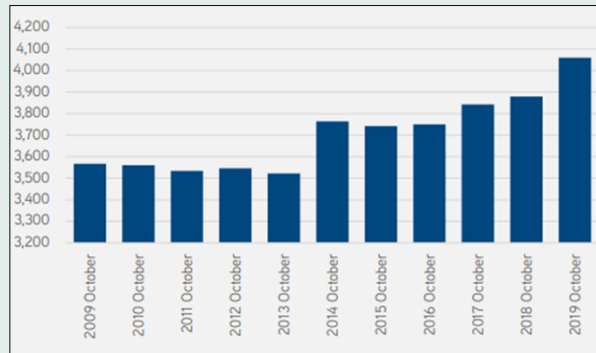
Private Apartment Vacancy Rate	October 2018	October 2019	October 2020
Bachelor	5.0	0.7	0.0
1 Bedroom	2.3	1.6	1.4
2 Bedroom	2.0	2.2	0.8
3 Bedroom +	2.6	5.8	0.0
<b>Total Vacancy Rate</b>	<b>2.4</b>	<b>1.9</b>	<b>1.0</b>



## Increase in Rental Pricing

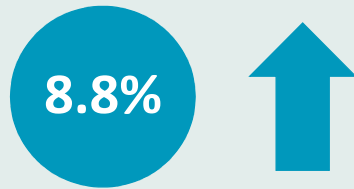


Increase in Average Price of Rental Housing

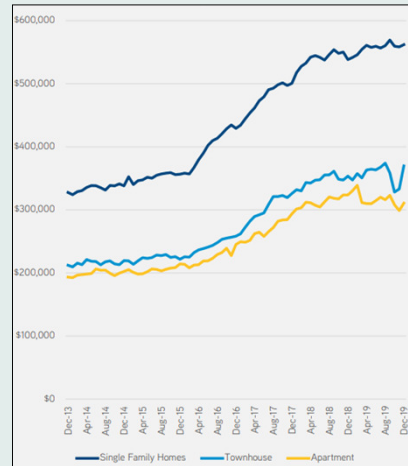




## Increase in House Prices



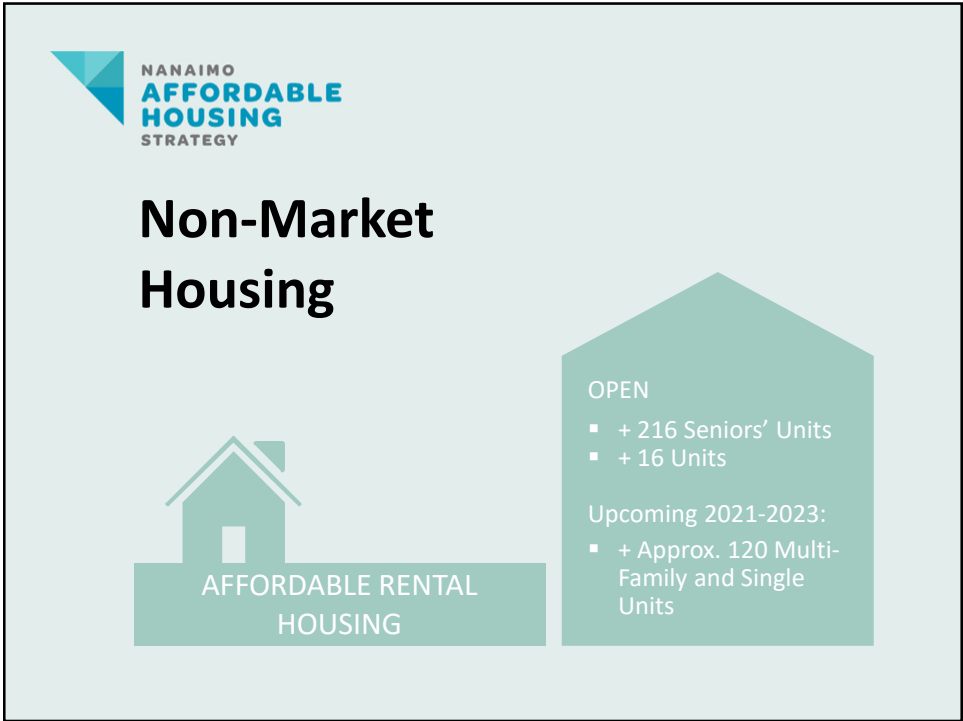
Average Home Sale Price Increase 2019 - 2020



## Key Targets + Measurements

- **On track** to meet target of 50% of new housing as purpose-built rental
- **On track** to meet 70% multi-family dwelling units created
- **Exceeding** target of 20% of rental as two- to three-bedroom units, but more 3+ bedroom units needed
- **On track** to meet supportive and below-market rentals target within three- to five-year time frame





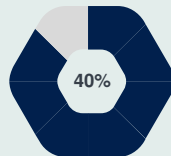






## Housing Targets: Increase Supply of Rental Housing

### Housing Starts as Rental



Target: 50%  
Approaching Target

### Rental Housing Units Secured



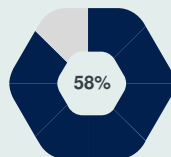
165 Student Units /  
6 Market Rental Units

Target: Increase Supply  
Exceeding Target



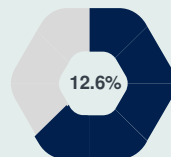
## Housing Targets: Support Infill & Diverse Housing Forms

### Multi-Family Dwelling Units Created



Target: 70%  
Approaching Target

### New Starts as Ground-Oriented Units

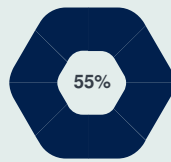


Target: 20%  
Not Meeting Target



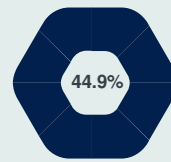
## Housing Targets: Support Infill & Diverse Housing Forms

New Starts as Apartments



Target: 50%  
Exceeding Target

Two- and Three-Bedroom Apartments



Target: 20%  
Exceeding Target

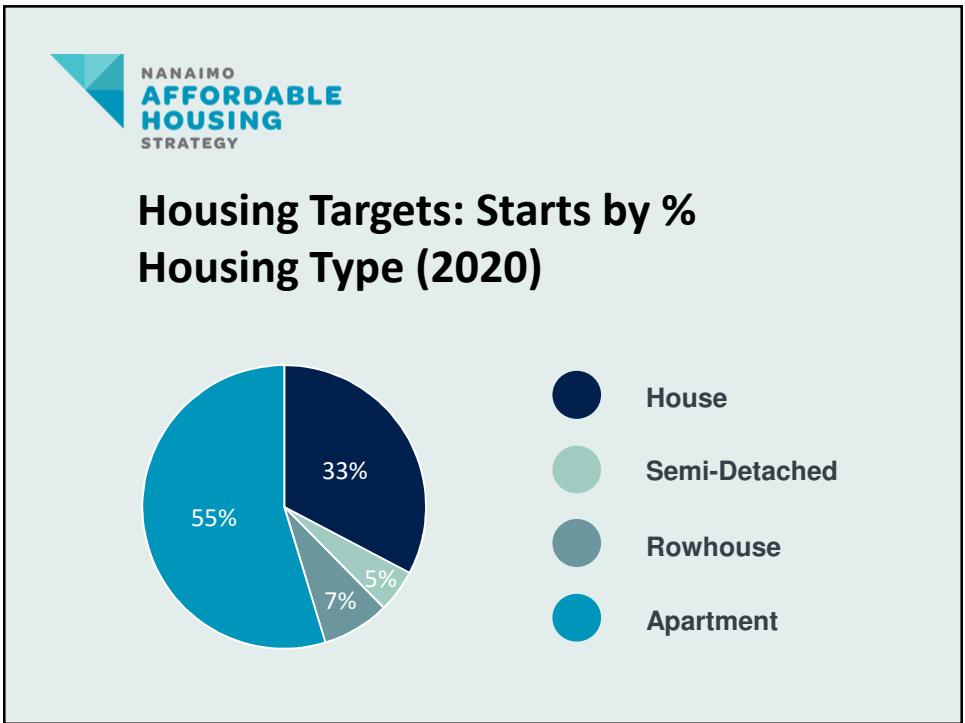
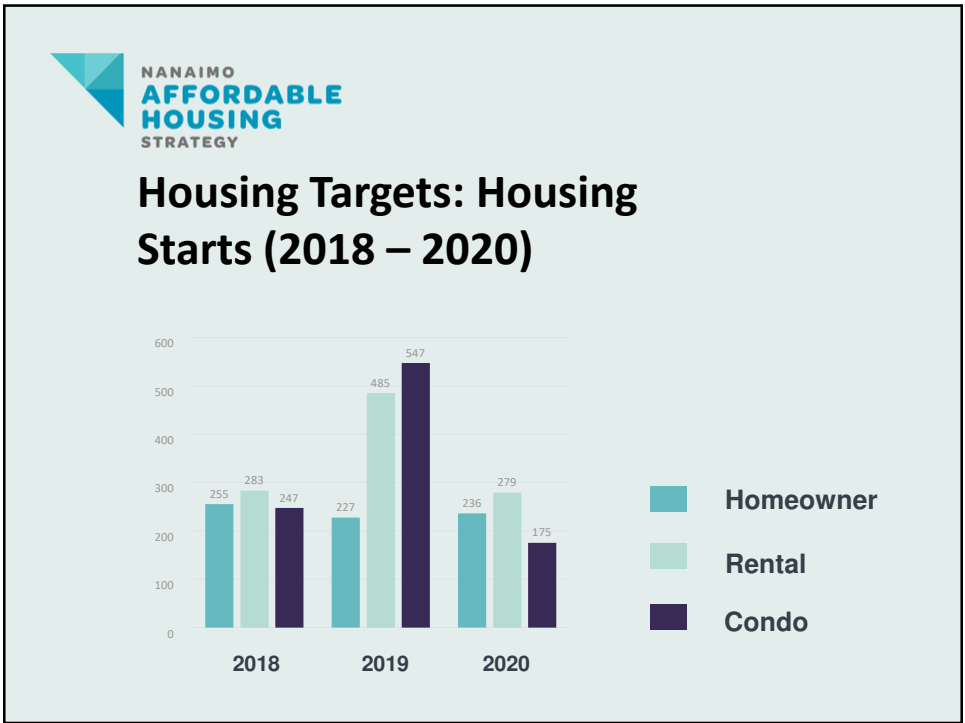


## Housing Targets: % of New Units by Building Permit (2020)

42%  
Other

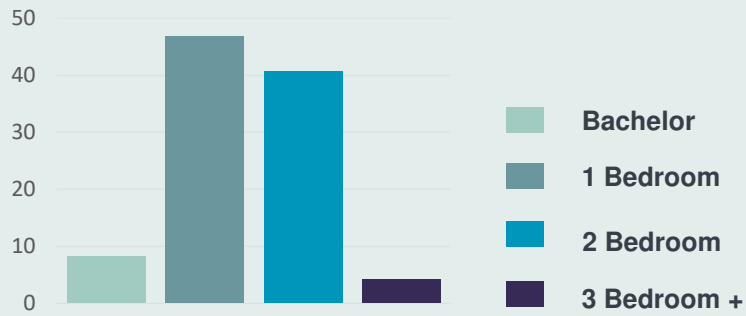


58%  
Multi-Family





## Housing Targets: % of Rentals By # Bedrooms



## Housing Targets



**171 Secured Rental Units**



**60% of New Homes Have Suites**



## Affordable Housing Strategy 2020 Projects

- Zoning Bylaw Update allowing modular housing
- Community Amenity Contribution Policy
- Density Bonus Policy review (Schedule D)
- Health and Housing Task Force and Action Plan



## Affordable Housing Strategy 2020 Projects cont.

- Rent Bank Established (January 2021 Launch)
- Short-term rental regulations (ongoing)
- MOU with BC Housing
- MOU with BCH, SD68, and Snuneymuxw First Nation



## **Projects Planned for 2021**

- Rental Zoning (**REIMAGINE**)
- Land Acquisition Policy (**REIMAGINE**)
- Update Housing Legacy Reserve Policy



## **Projects Planned for 2021**

- Family-Friendly Housing Policy
- Continue work to deliver on MOUs with BC Housing
- Implementation of the Health and Housing Action Plan



**Thank you**