

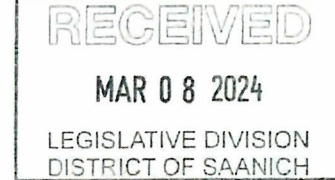


The Corporation of the District of Saanich

# Report

C/W - March-18-2024

**To:** Mayor and Council  
**From:** Lindsay Chase, Director of Planning  
**Date:** March 7, 2024  
**Subject:** Non-Market Housing Policy  
File: 2140-50 • Housing Strategy



## RECOMMENDATION

That Council approve the Non-Market Housing Policy (see Attachment 1) to prioritize non-profit and co-operative housing applications and direct staff to monitor the implementation of the policy for effectiveness.

## PURPOSE

The purpose of this Report is to provide Council with an evaluation of Council's previous direction on accelerating affordable and rental housing since adoption in 2019 and recommend that Council adopt a new policy that prioritizes applications from non-market and co-operative housing providers to better align with Council objectives and improve outcomes, clarity, and effectiveness.

## DISCUSSION

### Background

Accelerating approval times for affordable housing is a Council priority, supported by the Strategic Plan and Housing Strategy.

On August 2, 2019, Council passed a motion to accelerate affordable and rental housing, stating:

"That Council direct staff to prioritize development applications according to the following hierarchy:

1. Housing projects proposed by BC Housing, non-profit housing agencies, and co-operatives;
2. Purpose-built rental projects from any applicants willing to secure the rental status of all units into perpetuity by entering into a housing agreement with the District of Saanich;
3. Rental or strata projects from for-profit applications that are:
  - a. Accessing a Canada Mortgage and Housing Corporation (CMHC) or BC Housing funding program; or
  - b. Willing to designate some units as "affordable" for a period of at least ten years by entering into a housing agreement with the District of Saanich and/or signing a covenant. "Affordable" two and three-bedroom rental units will have rents at or below

30% of the median household income, and studio and one-bedroom units will be at or below 30% of the median individual income in the subject market, as defined by CMHC. For strata projects, the sales income from a unit must be at least 10% below its potential fair market income."

The Council minutes also reflect that:

- The prioritization applied for the initial review only;
- It did not limit Council's ability to accelerate individual projects; and,
- Prioritization did not mean automatic approval of applications by Council.

### **Evaluation of the Prioritization Process**

The prioritization process has been applied at the initial referral stage of the Rezoning and Development Permit application process. Referrals are sent out and managed by the Planning Department. The target was to complete the first referral process and provide the initial Summary Letter to the applicant within 30 days.

The application of the process has had uneven results. Due to the lack of staff resources (within Planning and other referral departments) and the high number of eligible applications, staff have had difficulty meeting the 30-day goal, and due dates have been missed. It has also been challenging to interpret what qualifies under 3(b) as an "affordable" unit. This criterion has been abused by applicants who would include the absolute minimum number of qualifying units (i.e., one strata unit at 10% below market), only to have this offer retracted later in the application process after they had benefited from the prioritization service.

The large number of qualifying applications has made it difficult to decide which files to prioritize. When many files are priorities, one file cannot move faster than others. Staff and applicants have also had some mixed understandings of the expectation for continued prioritization of applications after the initial referral.

The large number of eligible applications has also slowed down non-eligible applications. Development approval times may have increased beyond a reasonable level for applications that do not qualify. There have been complaints from applicants who feel the treatment is unfair.

Since 2019, changes in economic conditions have made it challenging to achieve housing affordability in new construction. Currently, private sector projects generally do not offer affordable units. The District of Saanich, like many jurisdictions, is looking to non-market housing providers to provide affordability and recognize their essential role in getting this supply to market as soon as possible.

### **Proposed Changes**

Staff are asking for clarification on the District of Saanich's priorities for accelerating applications and revising the existing process. Staff recommend emphasizing affordability and housing security to reduce the number of qualifying applications and improve outcomes. Currently, secure rental housing that provides long term affordability is coming from the non-profit housing sector.

Co-operative housing and non-market ownership are also able to achieve housing affordability. Reducing approval timelines, reduces costs and directly impacts the affordability levels that non-profits can offer.

Staff recommend that a policy be created to make only non-profit and co-operative housing projects eligible for prioritization. Staff also recommend that applications be expedited at all review and permitting stages, from the initial pre-application phase through to the issuance of the occupancy permit.

### **RECOMMENDED ACTION**

Staff recommend a Non-Market Housing policy with the following:

- Prioritize non-market rental, non-market ownership, co-operative housing, and mixed-use residential projects that are owned and operated by non-market housing providers;
- Prioritization shall begin at the pre-application phase and continue through to occupancy permit /completion and include the participation of all departments;
- All other projects will be prioritized on a first-come, first-served system;
- Other projects with key strategic interest may be prioritized from time to time, and this decision will be clearly messaged to staff; and
- That Council direct staff to monitor the implementation of the policy to assess its effectiveness.

The proposed Non-Market Housing Policy is attached (Attachment 1).

### **ALTERNATIVES**

1. That Council maintain the process of prioritization without change.
2. That Council provide alternate direction to staff.

### **FINANCIAL IMPLICATIONS**

There are no specific financial implications for the direction.

### **STRATEGIC PLAN IMPLICATIONS**

This policy creation direction is supported by several initiatives in the Strategic Plan that relate to supporting the well-being of the District of Saanich residents and increasing the supply of secure, affordable housing to meet the long-term needs of our community:

- 2.3.6 Promote residents' well-being by creating strong connections between local government, health agencies, and social non-profits that serve vulnerable populations.
- 3.1.1 Implement the Housing Strategy (Top 12, Phase 1, Phase 2)
- 3.1.3 Expand support to non-market housing including consideration of pre-zoning for non-market housing.

The Housing Strategy supports the new policy with two Actions:

- Action 4.1 B: In alignment with the Development Process Review (DPR), develop a program to prioritize affordable housing projects, focusing on non-market and below-market projects. This will be done by reducing approval times for applications that meet a defined list of criteria and simplifying and streamlining processes.

Action 1.2 A: Continue to streamline application processes (to facilitate the development of non-market and below-market housing).

### **PLANNING IMPLICATIONS**

The proposed policy significantly reduces the number of prioritized development applications, allowing staff to be more effective in improving the approval timelines of expedited files. Quicker approval times translate into lower housing costs and greater affordability for non-market housing providers. The policy will also enhance the ability of staff to process non-qualifying applications, as too many prioritized files will not hold them up.

### **OTHER IMPLICATIONS**

The new policy will be more impactful as it prioritizes eligible applications throughout the approval process (from pre-application to completion) and provides this clarity to staff throughout the organization in all departments.

### **CONCLUSION**

Improving approval times and supporting non-profit housing are Council priorities supported by the Strategic Plan and Housing Strategy. Council gave direction to prioritize housing applications in 2019. Under this direction, a large number of applications, including non-market, rental, and market projects offering below-market units, qualify for priority review. However, the effectiveness of this process has been compromised by making too many applications eligible and the lack of affordability that many applications offer. Applicants not qualified for prioritization have expressed concern at slower development review timelines.

Staff support the Non-Market Housing Policy (see Attachment 1) which supports only non-market and co-operative housing applications, subject to the recommendations outlined in this Report. This tighter focus will support the projects delivering secure, affordable, and non-market housing in the current economic climate. Staff support prioritization throughout the application process, from pre-application to completion, involving staff in all departments. Staff support that the implementation of the policy be monitored to assess effectiveness.



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Approved by:   
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Director of Planning

PH/lb

Attachments: Affordable Housing Fast Track Policy

**ADMINISTRATOR'S COMMENTS:**

I endorse the recommendation from the Director of Planning.

  
Brent Reems, Chief Administrative Officer

## COUNCIL POLICY

<b>NAME:</b>	<b>NON-MARKET HOUSING POLICY</b>
<b>ISSUED:</b>	<b>INDEX REFERENCE:</b>
<b>AMENDED:</b>	<b>COUNCIL REFERENCE:</b>

### 1) PURPOSE

The purpose of the Non-market Housing Policy is to accelerate the supply and reduce the cost of secure, affordable housing by expediting eligible development applications through the development review and permitting processes.

### 2) ELIGIBILITY

To qualify for prioritized development review, the application must represent one of the following:

- A non-profit rental housing project;
- A non-profit rental housing project with a mixed-use component (such as commercial or institutional);
- A non-market ownership housing project; and
- A co-operative housing project.

The proponent must include *supportive* or *affordable* housing within their stated mandate.

### 3) NON-MARKET HOUSING POLICY

In expediting non-market housing projects, staff shall adhere to the following:

- a) Projects that meet the eligibility criteria shall move to the “front of the line” in all staff review and permit-issuing processes.
- b) Prioritization shall begin at the pre-application phase and continue through to occupancy permit.
- c) Prioritization shall include the participation of all Saanich departments.
- d) Non-eligible projects will be prioritized on a first-come first-served basis.
- e) Other housing projects with key strategic interest may be prioritized from time to time and decisions to do so will be clearly messaged to staff.