



# CORPORATION OF THE TOWNSHIP OF ESQUIMALT

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## Legislation Details (With Text)

<b>File #:</b>	20-538	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Staff Report	<b>Status:</b>		Development Services Staff Report	
<b>File created:</b>	11/2/2020	<b>In control:</b>		Committee of the Whole	
<b>On agenda:</b>	11/9/2020	<b>Final action:</b>			
<b>Title:</b>	Draft Housing Needs, Staff Report No. DEV-20-076				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. Appendix A Housing Needs Report Regulation, 2. Appendix C CRD housing-and-transportation-cost-estimate-study_july-2020, 3. Appendix B Esquimalt Draft Housing Needs Report				
<b>Date</b>	<b>Ver.</b>	<b>Action By</b>	<b>Action</b>		<b>Result</b>

## REQUEST FOR DIRECTION

**DATE:** November 3, 2020 Report No. DEV-20-076

**TO:** Laurie Hurst, Chief Administrative Officer

**FROM:** Bill Brown, Director of Development Services

### SUBJECT:

Review of the Draft Housing Needs Report

### ESSENTIAL QUESTION:

Does Council have any concerns with the information and analysis provided in the Draft Housing Needs Report attached as an Appendix B to Staff Report DEV-20-076?

### RECOMMENDATION:

That the Committee of the Whole provide staff with any concerns that they may have with the draft Housing Needs Report and instruct staff to present the revised Report to Council for receipt pursuant to Section 585.31 of the *Local Government Act*.

### BACKGROUND:

In 2018, the provincial government amended the Local Government Act by adding Division 22 (*Housing Needs Reports*) to Part 14 of the Act. This amendment, along with the concomitant Housing Needs Report Regulation (Appendix "A"), prescribes the data that must be collected and the content of a Housing Needs Report. All Local Governments, unless they are exempted, must complete a Housing Needs Report by April 2022, and then every five years thereafter. In effort to save time and money, the Capital Regional District (CRD) submitted a funding application to the Union of British Columbia Municipalities (UBCM) for a district grant that would cover the expenses for completing the

Housing Needs Reports for 11 of the local governments in the CRD, including the Township of Esquimalt. The CRD's grant application was successful and they received a grant from the UBCM. This grant covered the cost of hiring a consultant to prepare the 11 Housing Needs Reports for the participating municipalities. Other than staff time, the Township did not incur any costs associated with the preparation of its Housing Needs Report. After securing the grant, and going through a selection process, the CRD hired Urban Matters, a self-financed Community Contribution Company, to prepare the Reports.

As part of their contract with the CRD, Urban Matter had to collect all of the mandatory data as required by the Housing Needs Report Regulation for each of the 11 participating Municipalities. Once collected, they did a suite of analyses including a housing gap analysis and an analysis of core housing need. In addition, Urban Matters was responsible for Community Engagement. In July and August of 2020 they held a series of stakeholder focus groups and interviews. Finally, Urban Matters was responsible for compiling the final report (Appendix "B").

## ISSUES:

While the report for Esquimalt (Appendix "B") contains a lot of information and analysis, much of it is based on data from the 2016 census which is 4.5 years old. The household income data is even older given that it is based on 2015 data. The consultants did some data extrapolation to account for the impact of time on the data; however, extrapolation does not always coincide with reality. The Township has seen some significant changes in the past 4.5 years. In addition, although the consultants tried as much as possible to account for the impacts of COVID-19, many of the impacts on household income and household size are unknown at this time. The next census will take place in May 2021, and will likely reflect some of the impacts of COVID - 19 on households. In addition, the report contains the population project based on the CRD's methodology which the Township has rejected. Nonetheless, the regulation requires that the Housing Needs Report contain a population projection.

The Housing Needs Report contains an "affordability gap analysis" for both ownership and rental (Sections 3.2 and 3.3). Conspicuous by its absence, is any reference to the CRD's recently released 2020 Housing and Transportation Cost Estimate Study (Appendix "C") which reveals impact of transportation costs on household affordability. On its website, the CRD states:

*Housing affordability has previously been measured by how much people pay for housing, and this measure alone may not accurately reflect the full cost of housing location choices. Transportation costs can be a major household expense depending on where one lives and if one owns a vehicle for primary transportation.*

*Overall, the study found that the combined housing and transportation costs vary depending on where people live in the region. The data suggest that transportation choice could save households money. Key study findings include:*

- the cost of vehicle ownership is significant regardless of how much it is used;*
- areas where there are older apartments and condominiums with longer tenant tenure have lower housing costs;*
- transportation costs tend to be lower in areas where more transportation options are available; and,*
- some developing areas in the outer areas of the region show more housing*

*affordability due to land values and availability.*

The report indicates that the combined housing and transportation costs in Esquimalt are among the lowest in the region and yet this information is not included in Esquimalt's Housing Needs Report. Central to the Housing Needs Report for Esquimalt is an affordability gap analysis for both home ownership and rental (see sections 3.2. and 3.3 of the Housing Needs Report (Appendix "B")). Affordability is defined as spending less than 30% of gross household income on shelter costs. There are several issues associated with such a simplistic approach to defining affordability. First, as noted above, it does not consider the impact of transportation costs as identified in the CRD's recently released report, 2020 Housing and Transportation Cost Estimate Study (Appendix "C"). It has been Esquimalt's strategic planning objective to increase the amount of housing in the township so that workers at CFB Esquimalt and the Graving Dock as well as downtown Victoria, can live and play close to their place of employment and save the money associated with commuting. The savings associated with reduced costs of transportation could be used to finance the purchase or rental of housing. In addition, Council almost always requires transportation demand management measures associated with rezoning applications such as bus passes and car sharing to help alleviate the cost of both housing; by reducing the costs associated with building parking structures, and transportation; by reducing the need for car ownership. Another issue associated with this definition of affordability, is that it does not account for money from mortgage helpers such as suites, boarders, and homestay students. Finally, this methodology does not account for those households that choose to spend more on housing in order to have a nicer dwelling or live in a nicer neighbourhood.

The Housing Needs Report also contains an analysis of Core Housing Need in Esquimalt for both owners and renters (Section 3.8 of the Housing Needs Report (Appendix "B")). This analysis is based on the following three housing indicators: adequacy, affordability, and suitability. Adequate housing does not require any major repairs, affordable housing has shelter costs that are less than 30% of total before-tax household income, and suitable housing has enough bedrooms for the size and makeup of resident households according to the National Occupancy Standard Requirements. This analysis indicates that there are significantly more households in Core Housing Need and Extreme Core Housing Need in Esquimalt compared to the CRD or the province.

Finally, the Housing Needs Report looks at housing projections and finds that, "The anticipated new ownership and rental units (571 ownership units, 276 rental units) coming onto the market in Esquimalt are keeping up with the projected household growth of 529 owners and 282 renters from 2016 to 2025. Based on the number of units currently under construction and the number of units proposed through various planning applications, the Township will more than meet the future housing needs in Esquimalt in terms of the number of units. The issue of affordability is much more complicated and requires a more detailed analysis of the Township's new and upcoming housing stock, however, it should be noted that 24 affordable senior's units are proposed for St. Peter and St. Paul's Church and 137 (net 60) new units are proposed by the Greater Victoria Housing Society at their property on Fleming Street.

#### **ALTERNATIVES:**

1. That the COTW receive Staff Report No. DEV-20-076 for information, provide any additional direction to staff as the COTW considers advisable, and direct staff to prepare a report for Council's consideration.
2. That the COTW provide alternative direction to staff.
3. That the COTW request further information from staff.