

PREPARED FOR: Council
FROM: Brian Green, Deputy Director of Community Building and Planning Services
MEETING DATE: November 12, 2024
SUBJECT: Housing Supply Act – Housing Target Order - Reporting Period 1.2 (October 1, 2023 - September 30, 2024)

RECOMMENDATION(S)

THAT the report titled " *Housing Supply Act – Housing Target Order – Reporting Period 1.2 October 1, 2023 - September 30, 2024*", authored by Brian Green, Deputy Director of Community Building and Planning Services, dated November 12, 2024 be received.

EXECUTIVE SUMMARY OF REPORT

The purpose of this report is to provide the Reporting Period 1.2 progress report on the Housing Target Order received from the Provincial Ministry of Housing in September 2023.

The Housing Target Order sets out the total five-year housing target of 664 units to be met by September 30, 2028 and annual cumulative housing targets, housing targets performance indicators and progress reporting dates. In the first 12 months of the Housing Target Order, 16 net new dwellings have been completed.

The Housing Target Order requires the District to submit a progress report for Reporting Period 1.2 from October 1, 2023 to September 30, 2024 that must be submitted to the Ministry of Housing within 45 days of the end of the period i.e., by November 14, 2024. The completed progress report for Reporting Period 1.2 can be found in attachment 1.

BACKGROUND/HISTORIC CONTEXT

On November 24, 2022, Bill 43 – 2022 the *Housing Supply Act* received Royal Assent and came into force by regulation on May 31, 2023. This legislation enables the Province to set housing targets for individual municipalities, and to take certain actions if those targets are not being met.

On May 31, 2023 the Province announced the first cohort of 10 municipalities selected for housing targets. The Province notified the District that it had been selected as part of the first cohort of municipalities.

On June 12, 2023 at a Regular Council meeting, Council received a staff report titled "Housing Supply Act – Notice of Housing Target Assessment.

On August 16, 2023 the District received its draft Housing Target Order and was provided with 30 days to respond to the draft order. The District formally responded to the draft order on September 14, 2023.

On September 26, 2023 the District formally received its Housing Target Order from the Ministry of Housing.

On April 22, 2024 Council received a previous progress report for Reporting Period 1.1 which was submit to the Province on April 23, 2024.

ANALYSIS

The District’s Housing Target Order has been set at 75% of the Province’s total estimated housing need which equates to a total of 664 units. These housing targets are the minimum number of net new dwelling units to be completed to occupancy in the municipality within 5 years of the date of the Target Order. The Province has provided annual targets for the net new number of completed housing units will be measured annually and cumulatively for a gradual increase in housing production. At the 75% target of completed housing units are as follows:

- Year 1: 56
- Year 2: 138
- Year 3: 258
- Year 4: 429
- Year 5: 664

The Housing Target Order was also accompanied by a letter from the Minister of Housing that includes guidelines that speak to the number of units by tenure (owned, rented), by size (studio/one bedroom, to bedroom, three bedroom), affordability (below market and market) and the number of supportive housing units as follows:

UNITS BY SIZE

SIZE	TOTAL
Studio/One bedroom	446 (1 bedroom Minimum 183)
Two bedroom	100
Three or More Bedroom	118

UNITS BY SIZE

SIZE	TOTAL
Rental Units	246
Owned Units	418

RENTAL UNITS BY AFFORDABILITY

	TOTAL
Below Market	141
Market	104

SUPPORTIVE RENTAL UNITS

	TOTAL
With On-site Supports	20

Evaluation and Reporting

In addition to the proposed housing targets, the housing target order also includes the requirement for progress reporting, timing and performance indicators. Housing Progress reports must be received by Council resolution within 45 days after the end of each reporting period as set out as follows.

- Reporting Period 1.1: October 1, 2023 – March 31, 2024
- Reporting Period 1.2: October 1, 2023 – September 30, 2024
- Reporting Period 2: October 1, 2024 – September 30, 2025
- Reporting Period 3: October 1, 2025 – September 30, 2026
- Reporting Period 4: October 1, 2026 – September 30, 2027
- Reporting Period 5: October 1, 2027 – September 30, 2028

Staff have compiled the statistics and numbers for Reporting Period 1.2 - October 1, 2023 to September 30, 2024 and completed the reporting form provided by the Ministry of Housing and which can be found in attachment 1.

In considering the big picture, it is important to note that Oak Bay is not at the same starting point as larger, faster growing communities in the Province; some of which had significant development in the pipeline prior to the Target Orders and many of which have development-enabling policies, systems, staffing and resourcing already in place to deliver new housing units. The District historically did not have the volume of redevelopment applications in the pipeline that could produce the results required in the Housing Target Order in the short run (i.e. results in the first year or two rely on applications that were already in play prior to the Housing Target Order). Therefore, as previously stated in the letter to the Minister, the District anticipates it will be very challenging to meet the target in the short run. That said, substantial progress has been made over the last year and the number of units under approval consideration has increased significantly. The following data is included to share that progress:

- in the first 12 months of the Housing Target Order, 16 net new dwelling units have been completed (occupancy granted). This is a significant increase from historic levels of approximately 2 net new units per year for the period between 2019 and 2022
- the net new units have generally been new secondary suites, with a rental tenure, and a typical 1 bedroom size
- the number of new dwelling units in the construction pipeline where a Building Permit has been issued is 44 new dwelling units. This includes 13 permits during the first 6 months, and an additional 31 during the last 6 months of the past year.
- in the first 12 months of the Housing Target Order 3 rezoning projects were approved resulting in potentially 26 new dwelling units
- there are also 3 Rezoning applications, 2 of which are also OCP amendment applications and 4 Heritage Revitalization Agreement applications that have been submitted and are currently being processed by staff and could potentially deliver 53 new dwelling units.
- The total number of new units in the approval timeline is 70 units. This includes 32 units instream as of March 31st and an additional 38 over the last 6 months

- there have been three Infill/SSMUH Building Permits submitted since the District adopted its Infill/SSMUH zoning regulations on June 24, 2024 to date (one four plex and two ADU projects).

Other Actions

The District, as part of its Housing Action Program (HAP), that combines all Council Priority Projects related to Housing, is taking a number of policy actions that will result in the delivery of new dwelling units in the future:

- On June 24, 2024 Council adopted major amendments to the District's Zoning Bylaw and Parking Facilities Bylaw in order to facilitate infill housing/small scale multi-unit housing (SSMUH) projects without the requirement for a rezoning or Development Permit application
- With funding from the Local Government Development Approvals Program (LGDAP) staff have recently appointed a consultant to undertake a processing review that will make recommendations to speed up the processing of all types of development applications.
- The District is embarking on a Strategic Update to the OCP and Zoning Bylaw that will identify a 20 year supply of housing sites and prezone these sites for development. Prezoned lands reduce uncertainty for applicants and could help to deliver more new housing units more quickly. This review is expected to be completed by December 31, 2025

As a result of the recent District housing initiatives, housing options have increased resulting in an increased number of units in the approvals pipeline. However, this increase in development interest will take time to result into net new dwelling units given the length of time it takes to achieve a building occupancy permit.

The success being realized with the current Infill Housing Program alone will not be sufficient to address Council's desired outcome for its housing program or the Housing Target Order; however, the 2025 OCP and Zoning Bylaw update projects currently underway and targeted for completion by the end of 2025, aim to designate and pre-zone for multi-unit residential development which could support a number of bigger housing projects moving forward more quickly. Considering typical development timelines it would require between 2 – 4 years (subject to market interest) to see this translate to an increase in completions of net new units. This is due to the lag time between parties purchasing sites, compiling plans, obtain municipal permit approval(s), and construction through to completion.

With regards to non-market or supportive housing projects a major project has been announced by Camosun College for a student housing project with 423 affordable beds / units, some of which may be eligible to be counted towards the Housing Target. Through the OCP Update project in 2025, the District will explore policies that could raise additional interest from other parties to develop or include non-market housing as part of their projects.

The District has also been in touch with the University of Victoria and the Province regarding opportunities for housing development on the Cedar Hill Corners site.

Through the upcoming Official Community Plan Update project the future of this site will be further explored.

OPTIONS

Option #1:

Council could choose to receive the report as presented; the following motion would be in order:

THAT the report titled " *Housing Supply Act – Housing Target Order – Reporting Period 1.2 October 1, 2023 - September 30, 2024*", authored by Brian Green, Deputy Director of Community Building and Planning Services, dated November 12, 2024 be received.

Option #2:

Council could choose to receive the report as presented with amendments; the following motion would be in order:

THAT the report titled " *Housing Supply Act – Housing Target Order – Reporting Period 1.2 October 1, 2023 - September 30, 2024*", authored by Brian Green, Deputy Director of Community Building and Planning Services, dated November 12, 2024 be received with the following amendments [amendments to be identified by Council].

ADVISORY BODY RECOMMENDATIONS WITH MINUTES EXCERPT (IF APPLICABLE)

N/A

COUNCIL PRIORITY SUPPORTED

Housing

FINANCIAL IMPACT

There is no new financial impact related to this required report.

IAP2 FRAMEWORK ENGAGEMENT

INFORM **CONSULT** **INVOLVE** **COLLABORATE**

A copy of the Reporting Period 1.2 Housing Target Order progress report will be placed on the District's webpage in the Housing Action Program page as required by the Housing Target Order.

TIMELINE/PROCESS/NEXT STEPS

The report form will be submitted to the Ministry of Housing by November 14, 2024.

Respectfully submitted,

Brian Green, Deputy Director of Community Building and Planning Services

With respect to the Financial Impact described in this report, I concur with the staff recommendation.

Rianna Lachance

Rianna Lachance, Director of Financial Services

Reviewed and approved by the Director of Corporate Services.

Dianna Plouffe

Dianna Plouffe, Director of Corporate Services

I have read and consider staff's recommendation to be supportable for Council's consideration.

Selina Williams

Selina Williams, Chief Administrative Officer

ATTACHMENTS(S):

[Attachment 1- Housing Targets Progress Report Form Period 1.2](#)