

# ESQUIMALT AFFORDABLE HOUSING

## Affordable Housing Workshop Brief – Background

Access to a variety of housing types and prices helps to ensure that all community members have a place to call home. When people from all ages and stages of life are adequately housed, they are more able to fully engage in all the social and economic activities that make communities and neighbourhoods great.



### CONTEXT AND TRENDS

**A Diverse Growing Community.** Esquimalt is home to 17,655 residents as of 2016, an 8.9% increase from 2011. The fastest growth areas were in the centre and north regions. Esquimalt is comprised of families, young adults, temporary workers, service women and men, professionals, seniors, retirees, etc. each having different housing needs now and in the future. One of these needs is housing that is affordable.

**Did you know?** Rental housing is ‘affordable’ when rent costs and utility fees are 30% or less than a household’s pre-tax income. Ownership housing is ‘affordable’ when housing costs are 32% or less of a household’s gross income.

**Just under half of renters are in an unaffordable situation.** As of 2011, 45% of renters in Esquimalt spend more than 30% of their gross household income on shelter costs, and 24% of homeowners spend more than 30% of their household income on shelter costs. These results are about the same as the Provincial average, and slightly lower than that in the City of Victoria.

**Housing Costs Drive the Living Wages:** Greater Victoria’s Living Wage (wage required to cover basic living costs) is \$20.02 in 2016 and is almost as high as Vancouver’s, one of the most expensive housing markets in Canada. Housing is by far the largest component of annual expenses for Greater Victoria’s Living Wage, making up 30% of total household costs. [Living Wage Report.](#)

### WHO FACES AN AFFORDABILITY GAP?

The housing affordability gap, the gap between the affordable monthly cost for housing and the actual monthly costs, affects many household types and income levels.

Even those making just under the median household income in 2011 (the mid-point of all incomes) face affordability challenges for appropriate housing. With recent rental price increases, we expect this gap to be even bigger now.

### ESQUIMALT RENTAL HOUSING COST GAP

Household Type	Median Income (2014)	Affordable Monthly Housing Costs	Actual Monthly Housing Costs (2014)	Monthly affordability gap by percentile		
				50%	40%	25%
Single Adult	\$28,482	\$769	\$819	\$50	-\$204	-\$435
Lone Parent	\$45,750	\$1,233	\$1,068	\$290	-\$81	-\$451
Family						
Family 2+	\$70,499	\$1,900	\$1,274	\$776	\$246	-\$324

In addition to the price gap for rental housing, **there is virtually no availability of rental housing** in Esquimalt.

### ESQUIMALT OWNERSHIP HOUSING COST GAP

Household Type	Median # of Households	Median Income (2014)	Affordable Purchase Price	Average Resale Price (2015)		Purchase Gap
Single Adult	1,620	\$30,740	\$121,000	\$292,500	Condo	-\$171,500
Lone Parent (one child)	318	\$49,319	\$168,000	\$292,500	Condo	-\$124,500
Family 2+	1,545	\$75,998	\$315,000	\$408,500	Duplex/Townhouse	-\$93,500
Family 2+	1,545	\$75,998	\$315,000	\$542,000	Single Family	-\$227,000

**Recent housing trends reveal increased prices and low vacancy:** Average rental rates for apartments in Esquimalt increased 4.5% from \$869/month in 2015 to \$908/month in 2016 and the vacancy rate in 2016 dropped to 0.7% from 5.0% in 2013. On a positive note, there has been some increase in the number of rental/condo apartments in the Victoria CMA. Both the assessed value of homes and the recent sales prices of homes also reveal significant increases. For example, single family homes increased in assessed value by 14% and sale prices increased by 23% from 2014-2016.

# ESQUIMALT AFFORDABLE HOUSING

## Affordable Housing Workshop Brief #1 – Housing Form

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### HOUSING FORM

Housing form relates to the design, size and location of dwellings and the land on which it is placed. Housing form has a significant bearing on the cost of housing as well as the acceptability of building homes in existing neighbourhoods. Building on brownfield lots, replacing older single-family homes, or adding units to existing housing are ways of integrating affordable housing into existing neighbourhoods. The most popular forms of housing in Esquimalt are single detached homes (most cost) and apartments (least cost).

#### PURPOSE BUILT RENTAL

Purpose built rental housing is residential construction developed for the rental housing market. With low interest rates and an increasing shortage of rental accommodation, providing rental units is one of the most effective and important ways to provide more affordable housing. This type of rental housing is typically in the form of apartments or multi-unit townhouses.



#### SECONDARY SUITES

A secondary suite is a private, self-contained unit within an existing dwelling. It typically has its own bathroom, kitchen, living and sleeping areas, but may share some facilities (e.g. laundry, yard, parking area, storage space) with the rest of the house. Suites can generate income to help homeowners pay for living or housing costs while also providing a lower cost dwelling for renters.



### INFILL

Infill housing is building additional homes into existing neighbourhoods, and can be individual units such as laneway or garden suites, or new multi-family developments such as townhouses.



Laneway houses or garden suites are small homes typically built into existing lots, usually in the backyard and opening onto a back lane, increasing the diversity of rental units in single-family neighbourhoods.

Townhouses or semi-detached duplexes are forms of ground-oriented, multi-family housing that typically are more affordable than single-family homes because their footprint is smaller and they share the land costs among multiple units. Townhouses consist of at least three units or more whereas semi-detached duplexes consist of two.

### SENIORS HOUSING

Seniors housing is suitable for an aging population. This housing is often affordable, located close to services and facilities, provides essential utilities, has barrier free design, is easily adaptable for changing needs, offers communal facilities, includes options for community and intergenerational interaction, includes a range of housing type options (independent single family to assisted living), and provides a safe environment.

#### Shared Adaptable Home

#### Senior Apartments Fixed Rental



# ESQUIMALT AFFORDABLE HOUSING

## Affordable Housing Workshop Brief #2 – Policy Tools

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### POLICY TOOLS

The following examples include policy tools that could be applicable to Esquimalt. For a more complete listing of policies and case studies, please review these documents. [Smart Growth BC Toolkit for BC Municipalities](#) [Community Social Planning Council Tools for the Future](#)

#### CASE 1 DENSITY BONUS - BURNABY

A density bonus allows developers to opt into building to a higher density than allowed in current zoning in return for providing amenities such as affordable housing. If it is not feasible for the developer to include affordable units on site, she or he may provide them off-site or replace them with a cash-in-lieu contribution to a housing fund. Density bonusing works best in higher density areas, where an increase in density may not affect neighbourhood character.



Burnaby introduced a program in 1997 to increase affordable housing in four town centre areas. It approved the density bonus a year later. **As of 2015, they have created 276 non-market housing units and a housing reserve that reached \$30 million to support new projects.**

#### CASE 2 RESALE PRICE RESTRICTIONS - WHISTLER

Resale price restrictions limit the resale price of a home that is initially bought at lower than market value. The restriction is tied to a resale price formula and is held on the property's title.



The purpose of a restriction is to keep the housing affordable for future purchasers in the community. Resale price restrictions require substantial oversight and regulation of the resale process.

Whistler began a resale restriction process in the mid 1990's and while the resale formula has adapted somewhat over the years, it is still in place and **maintains the affordability of over 800 owned dwellings in Whistler.**

#### CASE 3 ENABLE NON-PROFIT HOUSING DEVELOPERS - WHISTLER

A housing organization is a non-profit entity dedicated to providing and managing non-market housing stock that is for rent or purchase. It can be the repository for affordable housing units created through density bonus, inclusionary zoning and/or a housing fund, and monitor affordable housing needs in a community. After receiving some seed funding or land, most are tasked with creating self-sustaining business models.



In 1997, **the Whistler Housing Authority leveraged a \$6 million municipal housing fund to borrow and create 144 units of affordable housing.** The Authority now owns over 200 rental units. It helps oversee another 2,000 units of affordable rental and ownership housing.

#### CASE 4 MANAGING SHORT TERM NIGHTLY RENTALS - NELSON

Short-term (under 28 days) nightly home rentals have the potential to displace longer-term rental tenants. On the other hand, these nightly rentals can make home ownership more affordable for some. Management of this activity takes the form of enforcing current zoning use regulations against short-term rentals or providing a certain level of allowance.

Nelson, BC, recently engaged their community on this topic and through the process they reached an approach that they feel **provides residents some flexibility and income generation while at the same time protecting the longer-term housing stock** by limiting the number of nightly residential rental dwellings and the number of nights rentals are allowed.



# ESQUIMALT AFFORDABLE HOUSING

## Affordable Housing Workshop Brief #3 – Resourcing

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### RESOURCING

Affordable housing continues to be a challenging issue for most communities and so it is important to develop the local resources and capacity required to support planning, policy and at times development and management of housing. For a more complete listing of policies and case studies, please review these documents.

[Smart Growth BC Toolkit for BC Municipalities](#)  
[Community Social Planning Council Tools for the Future](#)

#### CASE 1 HOUSING FUNDING – NOVA SCOTIA

There are a number of mechanisms to raise funds for affordable housing and it is important that those funds are aggregated into a Housing Fund set up by a municipality, regional government or housing organization. Funding can come from property taxes, or from cash-in-lieu contributions from developers involved with a density bonus or rezoning agreement.

More novel mechanisms include community investment funds financed with RRSP eligible contributions or other investments and directed at local or regional housing. **New Dawn Enterprises in Nova Scotia is a community investment fund model** that has funded the development of 13 rental units, 4 commercial buildings and 28 supported housing units.



#### CASE 2 LAND ACQUISITION AND TRUSTS- CALGARY

Land banking is the acquisition of property for affordable housing by an organization or a local government in anticipation of developing affordable housing units on the site in the future. The land is acquired at lower than market value (sometimes at no cost) and is then available for development when surrounding property has dramatically increased in value.

Land can be acquired with funds through a density bonus agreement with a landowner, through a transaction for Crown Land, or in some cases, through private donations.

Housing land trusts are locally based non-profit organizations that acquire and can hold the aforementioned lands for affordable housing. They often acquire land through donations and grants of land and then typically lease the land for housing.

**Home Space Society** in Calgary owns 450 units of rental housing in 28 properties throughout Calgary. Most of the property was acquired with government funds and donations.



#### CASE 3 NON-PROFIT OWNED LAND ASSETS – CONCEPTION BAY, NL

A significant amount of land in communities is owned by non-profit organizations or faith based groups. These organizations are able to make land available for housing through low cost long-term leases, donating land or providing the land at below market value.



In Conception Bay, Newfoundland, a **Catholic Order in the area donated a building and land to a local non-profit to provide a safe, transitional housing facility** for people moving away from abusive situations. This example goes beyond affordable housing by also targeting other social issues.

#### CASE 4 HOUSING ORGANIZATIONS - VANCOUVER

A housing organization is a non-profit entity dedicated to providing and managing non-market housing stock that is for rent or purchase by qualified individuals and families. In addition to being a repository for affordable housing units it can house expert advisors on affordable housing, ongoing champions for affordable housing, and in some cases leveraging expert skills and know how to support other needs such as property management. The **Vancouver Native Housing Society built and runs the Skwachays Lodge, which has an 18 room commercial lodge that supports 24 suites lived in by indigenous artists.**



## MARKET AND NON-MARKET HOUSING SOLUTIONS

Solutions for providing adequate and affordable housing generally include a mix of market and non-market rental and ownership options.

### What is market and non-market housing?

**Market:** Housing where the purchase price/rental costs reflect the ability of the market to pay. Affordable market housing is typically achieved by design considerations, size and location of homes, accessory suites, and rentals.

**Non-market:** Housing where pricing is directly influenced by a third party such as government or housing agency. Prices reflect the cost of building the housing and/or the ability to pay by those who meet residency, income or local employment requirements.

## CHALLENGES AND OPPORTUNITIES

**Esquimalt's development land base is limited.** Esquimalt is fully developed from boundary to boundary so new housing supply will need to be built on existing developed land or redeveloped brownfield sites.

**Infrastructure Costs.** The significant cost of maintaining and building infrastructure means that it is most efficient for our tax base to develop where infrastructure capacity exists.

**Provincial Housing Policy.** Recent housing policy designed to cool the Vancouver housing market (recently requested by Victoria as well) means that investors may be looking elsewhere in British Columbia to purchase real estate holdings, which may place upward pressure on prices in Esquimalt.

**Airbnb and the popularity of short-term nightly rentals.** The lucrative nature of renting out a dwelling, room or suite on a nightly basis and the ease of communicating these offerings has led to an increase in nightly rentals, which has the potential to displace longer term tenants and remove rentals from an already heated market. On the other hand, these nightly rentals can make home ownership more affordable for some.

**Housing prices are pushing the workforce out.** Workforce housing for major employers in Esquimalt is limited and therefore the higher housing prices are pushing the workforce out into other communities in the CRD, which exacerbates commuting times and regional traffic.

**Demographics.** The age distribution of a community affects the housing needed. Esquimalt's age distribution shows a median age slightly higher than BC's, and forecasts suggest significant growth in the 65+ age bracket. The recent [Age-Friendly Assessment](#) indicates that Esquimalt will need more assisted living facilities and an extended long-term care (complex care) facility to allow current aging residents to remain in the Township.

## CURRENT HOUSING INITIATIVES

### Esquimalt Official Community Plan (OCP)

Starting in October 2015 the Township of Esquimalt began a review of its Official Community Plan (OCP). The review is important to ensure this land use and policy plan reflects the values and aspirations of the community. A review of housing policy is taking place as part of this update and may lead to new policies such as more multi-family housing opportunities. [OCP review.](#)

### Capital Region Housing Corporation (CRCH)

Capital Region Housing Corporation (CRHC) is a non-profit provider of over 1,200 affordable rental units in the Capital Region, which includes a 32 unit townhouse development in Esquimalt. CRHC provides low and moderate-income families, seniors and those on a disability pension with safe, suitable homes that remain affordable as their lives and families change and grow. [CRHC Website](#)

### Greater Victoria Housing Society

[Greater Victoria Housing Society \(GVHS\)](#) is a non-profit charitable organization dedicated to providing affordable housing for low to moderate income families, seniors, working singles, and adults with disabilities who live independently. GVHS operates three buildings in Esquimalt with about 160 units in total. Rents are either geared to income, fixed for those earning less than \$30,000, or market based.

## HOUSING RESEARCH AND NON-MARKET HOUSING

### Capital Regional District

The Capital Regional District (CRD) Housing Planning and Programs area has a mandate to develop a coordinated approach with the region to increase the supply of affordable housing by helping organizations work together to meet housing needs. Programs in the [Regional Housing First Plan](#) include creating rental units for low and moderate income households, and capital support for acquiring, developing and retaining housing that is affordable.

## MARKET HOUSING

Esquimalt builders, homeowners, and developers in concert with Township policies have worked to deliver high quality housing that meets the needs of many residents. A few recent notable affordable housing initiatives/policies include:

**Infill:** Infill includes increasing the number of dwellings in areas that are mostly developed with approaches such as 1) suites in detached dwellings 2) small lots through subdivision, 3) townhouses, 4) apartment buildings, and 5) mixed-use developments.

**Stratifying Dwellings:** Dividing up dwellings or buildings into multiple properties can create smaller and more affordable ownership options as long as rental buildings are protected as in Esquimalt.

**Rental or lower cost buildings:** 'Verde' apartments is one example of a market driven 'affordable housing' strata project that was marketed as such and the 30 units were in very high demand.