

REPORT

Planning and Development

To: Mayor Johnstone and Members of Council
Date: January 20, 2025

From: Jackie Teed,
Director, Planning and Development
File: 13.2610.01
#2588287

Item #: 2025-26

Subject: **Affordable Housing Acceleration Initiative**

RECOMMENDATIONS

1. *THAT Zoning Amendment Bylaw (Non-Profit Housing Development) No. 8502, 2025 be forwarded to the January 27, 2025 Regular Meeting of Council for first, second, and third readings.*
 2. *THAT no Public Hearing be held for Zoning Amendment Bylaw (Non-Profit Housing Development) No. 8502, 2025 following circulation of notice, in accordance with the Local Government Act.*
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PURPOSE

To present the proposed Zoning Amendment Bylaw intended to facilitate the delivery of affordable housing; to request that Council forward the proposed Zoning Amendment Bylaw for consideration; and to request Council endorsement for no Public Hearing be held following circulation of notice in accordance with the *Local Government Act*.

SUMMARY

In June 2024, Council directed staff to proceed with the two-phase work plan for the Affordable Housing Acceleration (AHA) initiative. Building on the previous City-Wide Crises Response Bylaw Amendments, the current initiative would allow affordable housing to be built as-of-right on sites owned by registered non-profit housing providers or non-profit housing co-operatives.

This report focuses on Phase 1 of the initiative, which proposes amending the City's Zoning Bylaw to allow affordable rental housing projects without rezoning if they meet the following criteria:

- No more than six storeys;
- The property is owned and operated by a registered non-profit housing provider or non-profit housing co-operatives;
- The units will be rental only;
- The project's long term affordability and rental only tenure are secured via a legal agreement; and,
- The property is currently designated Residential – Multiple-Unit Buildings in the Official Community Plan.

The proposed Zoning Amendment Bylaw also sets out the regulations with which the project must comply, including: building regulations (e.g. site coverage, setbacks), permitted accessory uses, and parking and access requirements.

Phase 2 of the initiative will explore OCP amendments to allow affordable rental housing projects to achieve higher density than the subject site is currently designated to permit, and review and propose updates to the Development Variance Permit approval process to ensure efficiency for the approval of non-profit housing applications.

BACKGROUND

Need for Affordable Rental Housing

2024 Interim Housing Needs Report

In December 2024, Council endorsed the City's 2024 Interim Housing Needs Report. The Housing Needs Report estimates that New Westminster will need 8,137 new units for 2024-2029, with 2,311 of the units needing to be affordable rental housing.

Housing Target Order

In August 2024, the Province issued a Housing Target Order for New Westminster. The order requires the City to approve occupancy permits for 4,432 net new units from August 1, 2024 to July 31, 2029. Accompanying guidelines specify that this should include 1,189 below market rental units.

City-Wide Crises Response Bylaw Amendments

In December 2021, Council approved amendments to the Official Community Plan (OCP) and Zoning Bylaw to allow the City to respond quickly to crises, including affordable housing and homelessness. These amendments allow projects to forego rezoning or OCP amendments if they: are owned by the City or other government; are funded by government; are operated by a non-profit organization or public agency; and, address needs identified through a Provincial emergency declaration or crisis publicly

recognized by multiple Metro Vancouver municipalities. The AHA initiative further enables affordable housing by removing barriers to building on sites owned and operated by registered non-profit housing providers or non-profit housing co-operatives.

Municipal Scan

Victoria, Saanich and Squamish have implemented a similar pre-zoning approach to facilitate affordable housing. Attachment 3 details the approach taken by each, including:

- A broad definition of affordable housing is used to ensure funding eligibility.
- Legal agreements are used to secure long term affordability.
- Pre-zoning has been broadly applied in areas that permit residential use.
- Parking requirements are eliminated or reduced.

Phases of the Affordable Housing Acceleration initiative

This report focuses on Phase 1 of the initiative, which proposes amending the City's Zoning Bylaw to allow affordable rental housing projects without rezoning if they meet proposed criteria, including that the subject site is currently designated to permit the increased density.

The Phase 2 of the initiative will:

- Explore OCP amendments to allow affordable rental housing projects to achieve higher density than the subject site is currently designated to permit. For example, a site designated to allow a townhouse could be permitted to build up to a six storey affordable rental apartment building, if the project meets proposed criteria. This is an approach the City already uses to help incentivise the retention of heritage assets; and,
- Review and propose updates to the Development Variance Permit approval process to ensure efficiency for the approval of non-profit housing applications, such as options for expanding the types of minor variances that are delegated to the Director of Planning and Development for approval.

DISCUSSION

City Affordable Housing Initiatives

New Westminster, like other Metro Vancouver municipalities, is experiencing a housing crisis. This includes an inadequate supply of affordable rental housing. In the next five years it is estimated the city will need 2,311 additional affordable rental housing units. Meeting this need poses challenges as achieving these units require senior government funding, which is limited and oversubscribed. The City has been acting within its jurisdiction and financial capacity for many years to address housing affordability. Recognizing no one program can address the scope of housing need, the City has implemented a range of policies and initiatives. This includes the City's renovation

regulations, Tenant Relocation Policy, rental bank, and Secured Market Rental Policy. These actions work to create and preserve affordability.

The AHA initiative is specifically designed to enable affordable housing projects that are entirely owned and operated by non-profit housing providers, which are dependent on senior government funding. This initiative is distinct from the City’s Inclusionary Housing Policy, which requires private developers to provide a percentage of affordable housing units in market-rate housing developments. The Inclusionary Housing Policy is best positioned to deliver units of low to moderate subsidies. The AHA initiative is intended to facilitate, in part, the deeper subsidy units that need to be delivered through funding from senior levels of government. Based on the current senior government funding programs, it is anticipated that these projects would include a mix of affordability levels to support the ongoing financial viability of project operation.

History of City Affordable Housing Approvals

It is the City approach to streamline development applications for affordable housing, and pursue partnerships with BC Housing to deliver the housing needed, including the deepest subsidy units. Historically, City Council has approved virtually 100% of all zoning applications for including market/affordable rental and supportive projects. The AHA initiative would further streamline the approval of these projects by removing the requirement for rezoning. Comprehensive staff review would still take place through other development approvals (e.g. Development Permits, Works and Services Agreements, Building Permit, Development Variance Permits).

Impact of Rezoning Timelines to Affordable Housing Funding

Most properties in New Westminster require a rezoning to allow the land use and density envisioned in the OCP. The rezoning process has historically been an important tool for municipalities to negotiate development contributions for the infrastructure and amenities needed to support the new population resulting from development. For non-profit housing providers, which rely on senior government funding to realize their projects, the time required to proceed through a rezoning can put necessary senior government grant funding at risk. Of the seven applications from non-profit housing providers received in the past 10 years, 100% have required streamlining in order to meet funding timelines. Under the current approval process, this streamlined approach requires additional staff resources which can mean resources are diverted from other development applications.

PHASE 1: PROPOSED PROVISIONS

The proposed Phase 1 Zoning Amendment Bylaw amendment, included as Attachment 3, would allow affordable rental housing projects to forego rezoning if they meet the following criteria:

- No more than six storeys;
- The property is owned and operated by a registered non-profit housing provider or non-profit housing co-operatives;

- The units will be rental only;
- The project’s long term affordability and rental only tenure are secured via a legal agreement; and,
- The property is currently designated Residential – Multiple-Unit Buildings in the Official Community Plan.

The amendment also will require the following:

- *Project eligibility:* Projects would need to meet the new definition of Non-Profit Housing Development, which includes a non-profit housing cooperative.
- *Accessory Uses:* Projects would be permitted to have accessory child care, home based businesses, and place of worship. Home based businesses and child care are already permitted for equivalent market projects. A small scale place of worship has also been included to enable the redevelopment of existing places of worship seeking to provide affordable housing on their property, while retaining a small congregation space.
- *Building Regulations:* Site coverage, density, building height, and setbacks suitable for buildings of up to six storeys have been included.
- *Site Access Requirements:* Projects are only permitted as-of-right when there is vehicular street access from a lane or local road; and would require a rezoning where access can only be taken from an arterial, major road or collector, to allow appropriate analysis of that condition.
- *Parking Requirements:* Reduced parking regulations are proposed for sites within 250 metres of frequent transit. For other projects, the parking rate would be the same as a market-rental project. This approach is based car ownership data for market-rental projects. These rates would not apply to areas inside Transit Oriented Development Areas, were residential parking is no longer required.

These projects would continue to be subject to other City approvals (e.g. Development Permits, Works and Services Agreements, Building Permit, Development Variance Permits).

CONSULTATION SUMMARY

The proposed Phase 1 Zoning Bylaw Amendment approach is based on findings from the municipal scan, and from community and non-profit housing operator consultation, including:

- *Be Heard Project Page:* launched in June 2024 with information, a discussion forum, and a questions tool. A total of eight discussion forum responses and eight questions were received.
- *Virtual Community Session:* held in September 2024, and open to the community and key interest groups. Via small group discussions the session provided opportunity for participants to hear about the work, ask questions, and share

thoughts on how the City can better integrate affordable rental housing. 35 participants attended the session.

- *Interest Group Interviews:* held throughout September 2024 with non-profit housing providers. The purpose of these interviews was to understand the challenges in delivering and operating affordable rental housing, collect input to inform proposed Zoning Bylaw changes, and learn how to better integrate affordable rental housing into neighbourhoods. Nine non-profit housing providers participated in the interviews.

Details of the feedback received through community and interest group consultation is included in Attachment 2, which included:

- *Support:* General community support for the initiative. The approach would make it easier to deliver affordable rental housing.
- *Infrastructure and Amenities:* Need for infrastructure and amenities to keep up with housing development.
- *Broader Applicability:* Expand eligibility beyond non-profit providers. Housing providers encouraged consideration of greater heights and densities to increase opportunities.
- *Parking Requirements:* Balance the need for parking (particularly for family households) with economic viability of affordable rental housing projects. Preference for reducing, but not complete elimination of minimum parking requirements, as demand still exists.
- *Complimentary/ Accessory Uses:* Child care, community spaces, commercial use, medical services, and public spaces welcomed alongside affordable rental housing, as they can provide benefits to and meet existing needs of the community. Additional funding is required to deliver these uses.
- *Education and Awareness:* Desire for the City to discuss, raise awareness of, and share more learnings from affordable housing projects in New Westminster.

NEXT STEPS

Phase 1: Zoning Bylaw Amendment

The next steps are:

1. Council consideration of First, Second, and Third Readings of Zoning Amendment Bylaw No. 8502, 2025 (January 27, 2025). In accordance with the *Local Government Act*, staff recommends that a Public Hearing not be held as the proposed Zoning Bylaw amendment bylaw is:
 - Consistent with the Official Community Plans;
 - Generally aligned with and/ or exceeds City policy and/ or Council Strategic Priorities; and,

- Responds to consultation feedback, to the satisfaction of the Director of Planning and Development.
2. Referral of Zoning Amendment Bylaw No. 8502 to the Ministry of Transportation and Infrastructure (January 28, 2025); and,
 3. Council consideration of adoption of Zoning Amendment Bylaw No. 8502 (February 10, 2025).

Should the proposed approach be approved by Council, as part of the ongoing work of the Land Use and Housing work plan, staff would monitor implementation, making minor/clarification amendments as part of the annual Zoning Bylaw report, and bringing any substantive updates to Council as needed.

Phase 2: Official Community Plan and Development Variance Permits

The second phase of the initiative will explore OCP amendments to allow affordable rental housing projects to achieve higher density than the subject site is currently designated to permit, and review and propose updates to the Development Variance Permit approval process to ensure efficiency for the approval of non-profit housing applications. Proposed OCP amendments would be incorporated into the OCP update scheduled for end of 2025 as part of fulfilling provincial housing legislation requirements.

FINANCIAL IMPLICATIONS

The City was awarded an \$11.4 million grant from the Housing Accelerator Fund (HAF) program, established by Canada Mortgage and Housing Corporation (CMHC). This program provides financial support that enables the City to advance initiatives aimed at improving the housing approval process, increasing housing supply, and expanding housing choice. The Affordable Housing Accelerator was an initiative identified in the City’s HAF application. The project costs will be 100% offset by this funding.

INTERDEPARTMENTAL LIAISON

The Planning and Development Department works in close collaboration with other City departments to advance housing policy, including: Electrical, Engineering, Finance, Office of the CAO, Intergovernmental Relations, and Parks and Recreation. Interdepartmental representatives continue to be engaged on AHA’s development.

OPTIONS

The following options are presented for Council’s consideration:

1. That Zoning Amendment Bylaw (Non-Profit Housing Development) No. 8502, 2025 be forwarded to the January 27, 2025 Regular Meeting of Council for first, second, and third readings.

2. That no Public Hearing be held for Zoning Amendment Bylaw (Non-Profit Housing Development) No. 8502, 2025 following circulation of notice, in accordance with the Local Government Act.
3. That Council provide staff with alternative direction.

Staff recommends options 1 and 2.

ATTACHMENTS

Attachment 1 – Zoning Bylaw No. 6680, Amendment Bylaw (Non-Profit Housing Development) No. 8502, 2025

Attachment 2 – Affordable Housing Acceleration Initiative: What We Heard Report

Attachment 3 – Municipal Scan Findings

APPROVALS

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