

September 14, 2023

The Honourable Ravi Kahlon, Minister of Housing

Via email to: HOUS.minister@gov.bc.ca

RE: Proposed Housing Targets for the District of Oak Bay

Dear Honourable Minister,

I am writing on behalf of Council to provide comments on the proposed housing targets for the District of Oak Bay. Thank you for the opportunity to provide a response on this important matter. Council very much appreciates and agrees with the need to take urgent action to address the housing crisis. This challenge is indeed a formidable one, requiring strong leadership, commitment, collaboration, partnerships, and innovation across all levels of government. Oak Bay stands ready to play our part as a committed local government partner, within the *BC Community Charter* principles of municipal governance and municipal-provincial relations.

The District is encouraged by the relatively close alignment between the proposed 75% Housing Target Order of 664 net new units and the District's own 2020 Housing Needs Report, which identified a very similar housing need for a total of 647 units. At the same time, any municipality's ability to achieve the targets set out for them within five years will be impacted by local constraints, challenges and opportunities that must also be taken into consideration. Our response sheds light on the local conditions shaping the housing crisis and our capacity to achieve the Housing Target Order in Oak Bay, identifying 12 key requests of the Province to support the District in meeting your expectations.

Recognizing that the primary role of local governments is to set the policy framework and process development applications for new housing, Oak Bay continues to take a sustainable approach to community planning that seeks to address the local constraints and opportunities, the needs of those living here today, and those of future generations. Housing is one of six (6) key Council priorities selected to meet the needs of current and future residents. Housing-related projects to be advanced during the current term (2022-2026) seeks to build on the significant work and achievements of the previous Council, which included implementation of a secondary suites program and development of an infill housing strategy after extensive community consultation.

Housing-related projects that Council has committed to delivering for the community this term include:

1. implementation of an Infill Housing program;
2. development of an incentive program for secondary suites;
3. streamlined, digitized development application processes;

4. preparation of a Housing Action Plan;
5. development of a Rental Housing Strategy; and,
6. preparation of Village Area Plans applying a housing opportunities lens within existing village commercial nodes.

The District has submitted an application to the federal Housing Accelerator Fund (HAF) to significantly accelerate and enhance these projects with a potential injection of approximately \$4 million in federal funding; however, as a built-out and primarily single-family residential community, Oak Bay will struggle to compete with faster-growing communities that have vacant land and/or sites suitable for redevelopment that can accommodate the type of larger-scale housing projects that will score most favourably under the HAF program.

A similar concern exists for us with the proposed housing targets for Oak Bay. While we agree that there is value in setting targets, the approach taken by the Province to date has been based primarily on housing *need* and does not fully consider the varied *capacity* of municipalities to address the need. Municipalities throughout the province are impacted by the same housing crisis, but the pressures, constraints, and opportunities in each are as individual as the communities themselves. One of the *Community Charter* principles that guides the relationship between municipalities and the Provincial government in BC is respect for the varying needs and conditions of different municipalities in different areas of British Columbia.

Local conditions in Oak Bay that challenge our capacity to achieve the provincial housing targets include:

Land Availability

- very limited vacant land available for development;
- no industrial or large commercial lands suitable for more intensive redevelopment;
- generally high-priced smaller lots containing well-maintained buildings with significant lifespan which are therefore relatively expensive to land assemble or re-develop;
- limited property-owner interest in re-development; and,
- no significant current land assembly (multiple adjoining parcels under same ownership).

Infrastructure

- As one of the first municipalities in BC, Oak Bay has some of the oldest infrastructure in the province. According to the District's award-winning Sustainable Infrastructure Replacement Plan, a significant portion (approximately \$273.9M in 2021 dollars) of the District's water, sanitary sewer, storm and road assets are past their recommended useful life. The recent \$4.7M Provincial Growing Communities Fund contribution provides a welcome but relatively small contribution to this work.
- The leading infrastructure planning work that Oak Bay has completed to date is based on slower, more incremental growth, and will therefore need to be re-examined and adjusted within the context of the Housing Target Order, with required accelerations and/or enhancements necessitating further cost increases for our residents. Similar preparations



and adjustments need to occur at the regional and senior government levels to ensure the provision of critical infrastructure and services, such as regional water supply and wastewater treatment systems, emergency management, transportation, education, and healthcare.

- To put the infrastructure challenge in context, Oak Bay's annual property tax revenue is \$30M. As municipalities are not allowed to run deficits, the process underway to address our infrastructure deficit necessitated a 9% tax increase in 2023. Further compounding tax increases will be required in future years, which will have a significant impact on local taxpayers, many of whom are on a fixed income. Notably, these increases are just to *replace* infrastructure supporting those living in our community *today*. They do not begin to address enhanced infrastructure and additional amenities and services required to support a *growing* community.

Resourcing / Capacity

- As a primarily residential community built out decades ago, Oak Bay has not been faced with growth in recent history. In fact, it was only in 2015 that the municipality hired its first planner and began advancing community planning and housing-related initiatives. The District is not at the same starting point as larger municipalities with long-established planning departments and will require time to create the policy frameworks, programs, bylaws, administrative systems and staffing capacity necessary for applications to come forward and housing units to be approved. This work has been initiated through Council's priority projects, and will eventually lead to significant new housing development, albeit not at a pace that would allow us to comply with the Housing Target Order; and,
- As a small community (the smallest in the first cohort by a significant margin), Oak Bay does not have the same in-house expertise and access to technology as larger municipalities.

Oak Bay's capacity to rapidly deliver more housing is also heavily impacted by broader factors that have exacerbated housing supply and affordability issues throughout BC and across Canada, including labour scarcity, rapidly increasing construction costs, and increasing interest rates.

Opportunities

At the same time, local conditions that present potential opportunities to grow housing in Oak Bay include:

- A committed municipal partner that recognizes the need and wants to play a role in developing solutions within its mandate, as evidenced through the Council priority projects for the 2022-2026 term;
- An engaged community that recently expressed a high level of support for the principles and directions outlined in the draft Infill Housing Strategy as presented to Council in June 2022, as evidenced through their unprecedented participation in community engagement opportunities, including 1622 survey responses;
- A small but supportive, experienced and innovative staff team that welcomes opportunities for collaboration and partnerships;
- Relatively close alignment between the proposed (75%) housing target of 664 units and the District's 2020 Housing Needs Report that identified a similar housing need of 647 units;

- Shared openness at the Council and staff levels for joint or Provincial initiatives that would help the District achieve the targets, including legislative changes, site-specific feasibility studies, land assessments and mapping exercises within Oak Bay; and,
- Advancing development of the UVic lands within Oak Bay could provide significant housing potential. It is the District's understanding that this is not a currently viable priority for UVic, so advancing this initiative would benefit from support and guidance from the Province.

Partnering with Local Government

While municipalities can reasonably be held to account for putting in place appropriate policy frameworks and development application review processes (i.e. setting the conditions), they do not have all the controls necessary to guarantee construction of new units, nor do they have the legislative responsibility, financial resources or revenue tools to support significant investments in housing projects. In fact, according to the Federation of Canadian Municipalities, local governments are responsible for construction, operations, and maintenance of nearly 60 per cent of our nation's public infrastructure, yet only collect about 12 cents of every tax dollar paid in Canada. Without a significant change to this funding model, local governments can only play a relatively minor role in addressing the housing crisis, compared to senior levels of government. This underscores two other key principles of municipal-provincial relations in the *Community Charter* – first, that the citizens of BC are best served when, in their relationship, municipalities and the Provincial government acknowledge and respect the jurisdiction of each; and second, that responsibilities must not be assigned to municipalities unless there is a provision for resources required to fulfill the responsibilities. Without additional resources or a broader range of revenue tools, the primary role and responsibility of municipalities in addressing the housing crisis can only reasonably be expected to remain within current jurisdiction, which is focused on setting the conditions for housing construction.

In this sense, the District of Oak Bay respectfully requests that the Provincial government, through its target monitoring and compliance program, evaluate not just their progress toward housing construction (which they do not have full control over), but also - with equal weighting - their progress on those matters that are within the jurisdiction and control of local government – setting leading and consistent policy conditions and development application review processes. District staff would welcome the opportunity to collaborate as part of a local government working or advisory group to the Ministry of Housing (ideally expanding to involve the Ministry of Municipal Affairs as well) to identify leading policies, practices and programs that the Province could monitor as indicators of progress and compliance.

One opportunity that District staff have communicated to Provincial staff is the development of a common software program for development applications, similar to the [Planning Portal](#) that exists in the United Kingdom. In addition to saving money and staff time across numerous municipalities, having the same development application processing software used across the Province would benefit developers who often do business in several municipalities. Such software could also benefit the Province which could potentially have immediate access to more consistent data on

units under review or approved in each municipality and thereby reduce municipal reporting requirements. We understand that \$51 million may be made available in the coming months to support municipal housing initiatives, including through the Local Government Development Approvals Program administered by the UBCM. Rather than requiring local governments to compete for funding through this program and then pursue separate software initiatives, perhaps a portion of these funds could be allocated to a common software project, yielding data access benefits for the Province while significantly speeding up development application processes throughout BC. Oak Bay anticipates that such software support would be especially valuable to smaller communities.

Other suggestions for initiatives that local governments could provide valuable insights and advice on through a working group include:

- establishing a template and consistent, province-wide methodologies/standards for developing or updating Housing Needs Reports; and,
- advising on other legislation updates, including changes to the *Local Government Act*, to address the housing crisis as part of established planning tools such as Official Community Plans and Regional Growth Strategies.

Again, while we agree that there is value in setting targets, we believe that BC communities will be best served if municipalities are primarily held to account for setting the conditions that are within their scope of control. Sustained and systemic change can be driven most effectively through collaboration. The Province of BC has an opportunity to make leading, lasting, meaningful change in true partnership with municipal governments province-wide, and Oak Bay would be pleased to collaborate with you on that front.

Proposed Housing Targets

The proposed housing targets for Oak Bay reflect 75% of the Province's total estimated need, requiring a minimum of 664 net new units. The District agrees that the methodology to determine the housing need is a sound approach and that the assumptions are reasonable – this is reflected in the fact that the District's own 2020 Housing Needs Report identified a very similar housing need for a total of 647 units.

One of the key barriers to Oak Bay being able to comply with the proposed 75% housing targets is the timeline for doing so - Provincial staff have clearly communicated that targets are achieved through the construction of new units ready for occupancy within five years, and that significant progress must be evidenced within shorter reporting timelines.

As referenced previously, Oak Bay is not at the same starting point as larger, faster growing communities with development-enabling policies, systems, staffing and resourcing in place. The District will require time to complete this work, as well as funding to support accelerated

implementation if the municipality's HAF application is not approved. Also, homeowners, developers, and non-profits alike follow a development process that typically takes between three and seven years, from project inception to completion. Below-market and supportive housing projects typically require partnerships between additional parties, adding to this overall timeline. Municipalities without a significant number of larger-scale development applications in the pipeline (i.e., approved / building permits issued prior to the start of the Housing Target Order program) will be hard-pressed to meet the housing occupancy targets set out by the Province, within five years.

Oak Bay currently has no large-scale development applications in the pipeline that would produce the results expected in the Housing Target Order. Therefore, while we agree with the reasonableness of the 75% target, we can say with certainty that the District will not be able to achieve the occupancy target within five years, especially given the community's unique land constraints, infrastructure needs, resourcing / capacity limitations and the host of macro-economic factors (outside of local government control) that are currently impacting housing supply and affordability issues across the nation. It is worth noting that achievement of the 75% target would be more feasible if measured by building permits issued, rather than occupancy, which would align with the Housing Accelerator Fund approach.

It is also important to note that some of the housing types specified in the proposed housing targets require senior government investments. Without private or senior government initiatives for below-market rental or supportive housing units, the District owns little to no land to initiate projects. District-owned lands are pre-dominantly used for community purposes such as parks and recreation centres, emergency services, and municipal services. Potentially expanding the use of these lands to include housing elements would require careful long-term planning and consultation with the community to ensure an appropriate level of public access (current and future) to spaces, services and amenities that foster community connectedness, livability and well-being. Taking parks as an example, demand for such will increase as the community grows and more residents are living in smaller housing units with no or limited private outdoor space.

Proposed Housing Targets, Monitoring & Reporting - Our Requests:

1. *That the Province amend the target monitoring and compliance program to evaluate not just their progress toward the housing targets (which they do not have full control over), but also - with equal weighting - their progress towards implementing a policy framework and development application process that supports housing growth.*
2. *That the Province revise Housing Target Orders to measure building permit issuances in addition to or instead of occupancy to mitigate what will likely be a key barrier for communities of all sizes with limited or no larger-scale developments in the pipeline.*
3. *That the Province re-engage with the District to jointly develop a revised timeline for the Housing Target Order that takes into consideration local constraints and opportunities, and*

recognizes that the timelines for the 141 below market units and 20 supportive housing units (excludes seniors housing) would rely on external funding and partnerships.

4. *For the associated progress reporting, the District requests that:*
 - a. *municipalities be provided an opportunity to participate in the design of the reporting template, providing the Province with on-the-ground insights that will enhance the effectiveness of reporting; and,*
 - b. *the reporting cycle be shifted to annual timelines (January to December) to avoid the administrative burden of a unique reporting timelines. Such a timeline will allow for alignment with Provincially prescribed annual reporting processes.*

5. *That the Province establish an advisory or working group of Ministry of Housing staff, local government professionals and representatives from the Ministry of Municipal Affairs to identify leading policies, practices and programs that the Province could require of municipalities as additional, primary indicators of progress and compliance.*

Housing Target Program & Consultation Process

The District of Oak Bay offers the following experiential observations and requests for related program improvements:

Municipal-Provincial Relations

As your Ministry moves forward with the first ten municipalities and works to onboard the next cohort, Oak Bay Council requests that the approach be re-grounded in the principles of municipal-provincial relations outlined in the *Community Charter*– the introduction of this important legislative framework in 2001 marked a fundamental shift in the relationship between our two levels of government, based on the principle of respect and recognition for communities and local government jurisdiction/decision-making. We note that the language in the *Housing Supply Act* requires the Minister to consult with municipalities, providing (at a minimum) a description of the Housing Target Order and an opportunity to provide comments. While the District appreciates the time that Provincial staff spent preparing and presenting to District staff over the summer, we know that local government could be a much more effective and equal partner to the Province; that if, given a chance, a parallel and truly collaborative process involving a local government advisory group working alongside Provincial staff could create more lasting, systemic change in communities of all sizes. In the end, our success will rely to a significant extent on our ability to work together and bring our very best efforts to the table.

Municipal-Provincial Relations - Our Request:

6. *That the Housing Target Order program and approach be re-grounded in the principles of municipal-provincial relations outlined in the Community Charter, specifically section 2 - Principles of municipal-provincial relations. This includes providing additional resources to*

enable local fulfillment of the newly assigned responsibilities necessitated by the Housing Target Orders.

Balancing Community Priorities

Responding to provincial Housing Target Orders (and to upcoming legislative changes as part of the BC Homes for People Action Plan) may require significant reprioritization of financial resources and staffing across several District departments. Without additional resources, the impact of this reprioritization would be significant, and would take away from Council's role and legislated duty in determining a balance of priorities to meet community needs and ensure delivery of core services. While the targets will help Council make progress on its housing priority, other priorities critical to the community will be compromised: Livability (essentially Infrastructure Renewal and Asset Management), Climate Change & Environment, Transportation, Diversity & Inclusion, and Truth & Reconciliation.

Oak Bay is probably not alone in that if the District's Housing Accelerator Fund application (which included a \$4 million request to accelerate / expand housing initiatives) is not approved, the District will be looking to the Province to provide those resources, in accordance with the *Community Charter*, to enable local fulfillment of the newly assigned responsibilities and more broadly, to help maintain balance in support of other community priorities. On a related note, Council has allocated some funding from the Growing Communities Funding to increase capacity in support of housing initiatives – the remainder is likely to be allocated to Oak Bay's significant capital needs, in keeping with the main program objective to support the delivery of infrastructure projects to help enable community growth.

Balancing Community Priorities – Our Request:

7. *That the Province establish non-conditional on-going funding to municipalities to enable local fulfillment of the newly assigned responsibilities associated with the Housing Target Orders and BC Homes for People Action Plan throughout the complete lifecycle of both programs, respecting the principles of the Community Charter and the legislated duty of local elected officials to determine a balance of priorities to meet community needs and ensure delivery of core services.*

Openness and Transparency

The Provincial requirement for confidentiality throughout this process has been incredibly challenging in that it has precluded municipalities from engaging with the public on matters that will significantly impact residents. Meetings held only at the staff level prevented elected officials from directly participating in the conversation with the Province, and municipalities were further constrained in their ability to discuss the process with each other and/or with neighbouring local governments and First Nations. Moving forward, the District recommends that the Province not impose a requirement for confidentiality, and that the approach be revised to include

opportunities for elected officials to be directly involved in the conversation. We also strongly support the notion of a pro-active FOI release, to make public all meeting materials supplied by the Province to the first ten municipalities throughout the summer meeting process.

Openness and Transparency – Our Requests:

8. *That for future cohorts, the Province not impose a requirement for confidentiality, and that the approach be revised to include opportunities for elected officials to be directly involved in the conversation.*
9. *That the Province, through pro-active FOI release, make public all of the meeting materials supplied by the Ministry of Housing to the first ten municipalities throughout the summer meeting process.*

Information Sharing & Relationship Building

Another key principle of municipal-provincial relations outlined in the *Community Charter* is that consultation is needed on matters of mutual interest, including consultation by the Provincial government on proposed changes to Provincial programs that will have a significant impact in relation to matters that are within municipal authority. On several occasions throughout the meeting process, District staff were constrained in their ability to fully prepare for and participate in discussions as a result of information being provided at the last minute, or not at all. For local governments to be effective, respected participants in this process, it is critically important that meeting materials be provided in a timely manner and that reasonable requests for information be obliged without delay.

One such request that remains outstanding despite several attempts and follow-up reminders by District staff is for a copy of the full Selection Index and related analyses that the Ministry used to score and rank municipalities in order to make cohort selections. Oak Bay still wishes to receive this information, and it is likely that many other municipalities may wish to view it as well. This will enable municipalities to understand how their community ranks across the 10 indicators and to connect with colleagues in other jurisdictions that are experiencing success.

Information Sharing & Relationship Building – Our Request:

10. *That the Province provide the District with a copy, as requested, of the full Selection Index and related analysis that the Ministry used to score and rank municipalities in order to make cohort selections.*

Provincial Action to Explore Opportunities

As previously referenced, one of the key opportunities in Oak Bay is the openness of Council and

staff to ideas, suggestions and support from the Province that will help to enable municipal achievement of the Housing Target Order. We welcome Provincial support for the specific requests listed below, and would encourage ongoing, open dialogue with the District to explore opportunities.

Provincial Action to Explore Opportunities – Our Requests:

- 11. That the Province engage with the District and the University of Victoria to help support the development of the University of Victoria's Cedar Hill Corner property.*
- 12. That the Province provide the District with resources to undertake site-specific feasibility studies of the District's limited land options to evaluate potential for housing projects.*

In closing, we appreciate the opportunity to provide comments. Constructive partnerships with other levels of government will result in housing initiatives that will unite and strengthen our communities. The District of Oak Bay is convinced that a collaborative approach – one in which the Province works together with municipalities - will make BC a leader on the housing front and deliver results that are positive to the seventh generation and beyond. We look forward to receiving your reply, and to building a strong municipal/Provincial partnership in the years ahead, as we work together to address the housing crisis.

Sincerely,



Kevin Murdoch, Mayor
District of Oak Bay

cc:

Bindi Sawchuk, Assistant Deputy Minister: Bindi.Sawchuk@gov.bc.ca

Cimarron Corpe, A/Executive Director: Cimarron.Corpe@gov.bc.ca

Rebecca Penz, A/Director, Policy & Engagement: Rebecca.Penz@gov.bc.ca