



MAYOR'S HOUSING COMMISSION

**Thursday, November 14, 2013
4:00 PM**

Henry Baker Hall, Main Floor, City Hall



Office of the City Clerk

**Public Agenda
Mayor's Housing Commission
Thursday, October 24, 2013**

Appointment of Vice-Chairperson

Approval of Public Agenda

Minutes of the Meeting of October 24, 2013

Administration Reports

MHC13-4 Comprehensive Housing Strategy Implementation Update

Recommendation

1. That this report be provided to the Mayor's Housing Commission as a RECEIVE and FILE.
2. That Administration return in the third quarter of 2014 with an annual report on the implementation of the Comprehensive Housing Strategy.

MHC13-5 Federation of Canadian Municipalities (FCM) National Housing Campaign
- City of Regina - Host Housing Roundtable

Recommendation

1. That this report be provided to the Mayor's Housing Commission as receive and file.
2. That Administration return to the Mayor's Housing Commission in December 2013 with an update and further details on the City of Regina's Housing Roundtable in support of the Federation of Canadian Municipality's (FCM's) national housing campaign, "Fixing Canada's Housing Crunch".

Regina Planning Commission Report

MHC13-6 Condominium Conversion Policy Amendment

Recommendation

That this report be received and filed.

Adjournment

November 14, 2013

To: Members,
Mayor's Housing Commission

Re: Comprehensive Housing Strategy Implementation Update

RECOMMENDATION

1. That this report be provided to the Mayor's Housing Commission as a RECEIVE and FILE.
2. That Administration return in the third quarter of 2014 with an annual report on the implementation of the Comprehensive Housing Strategy.

CONCLUSION

The Comprehensive Housing Strategy (CHS) was approved by Council on April 29, 2013. A Housing Strategy Implementation Plan was approved by Council on June 10, 2013. Since the approval of the CHS and implementation plan, Administration has begun implementation. This report is to serve as the first update of implementation to date provided to the newly-created Mayor's Housing Commission. A full, annual implementation report will be provided to the Housing Commission and Council in Q3 of 2014 including reporting on the score card included in the Implementation Plan.

In short, implementation of housing strategies has addressed, at least in part, eight of the ten short-term strategies and eight medium-term strategies. These include:

- *Strategy 1*: Revisions to two of the City's three housing incentives policy, the Housing Incentives Policy (HIP) approved by Council on July 29, 2013, and the Downtown Residential Tax Incentives Policy (DRIP) approved by the Housing Commission on October 24, 2013, which will undergo Council review on November 25, 2013.
- *Strategy 10 and Strategy 17*: Revisions to the bylaw governing the conversion of rental units to condominiums, which was approved by the Regina Planning Commission on Wednesday, October 23, 2013 and will be reviewed by Council on November 25, 2013. The report will be provided to the Housing Commission as a receive and file at the November 2013 meeting.
- *Strategy 3*: A pilot project to evaluate laneway suites in a new subdivision.
- *Strategy 13 and Strategy 15*: A five-month study including public consultation to evaluate the City's Zoning Bylaw regulations around the rental of single-detached homes to multiple tenants (aka Rooming Houses) and subsequent revised Zoning Bylaw regulations that will come before Council on November 25, 2013. The process included enhanced mechanisms for enforcement of property safety and maintenance.
- *Strategy 2 and Strategy 21*: Six city-owned sites offered through a Request for Proposals to non-profit housing providers for affordable housing. Proponents for the development of these sites have been selected. Five of the six sites were presented to the Finance and Administration Committee on November 5, 2013 and will be reviewed by Council on November 25 for sale at below market.

- *Strategy 28 and Strategy 35*: The City is chairing the Community Advisory Board of the Homelessness Partnering Strategy 2014-2019. A detailed report and presentation on the Homelessness Partnering Strategy will be provided to the Mayor's Housing Commission at its December meeting. Regina also has a Cold Weather Strategy to ensure that no one is without a safe place to sleep on cold nights in Regina.
- *Strategy 27*: Continued support for housing and homelessness initiatives through the City's Community Investment Grants Program.
- *Strategy 25*: The Mayor's Housing Summit held in May 2013 provided a forum for discussion of rental supply and housing affordability, housing innovation and partnerships. Since the Summit, Administration has been engaged in on-going discussions with landowners and developers regarding new housing types: pocket suites project, shipping container project, student housing and others.
- *Strategy 10 and Strategy 31*: A tracking system for recording and evaluating citywide housing data and the effects of the City's housing policies.
- *Strategy 6*: A process for prioritizing below market and affordable housing projects with the Current Planning Branch.
- *Strategy 9*: Communication with the Province, property owners, developers and landlords to help with access to provincial programs and to help the City better understand and work within the Province's funding programs.
- *Strategy 10 and Strategy 31*: An update on Housing Incentives Policy capital incentives for 2013.
- *Strategy 10, Strategy 31 and Strategy 34*: Summary housing statistics update.

BACKGROUND

The *Comprehensive Housing Strategy* – consultant's final report (February 2013) is the culmination of a more than year-long project to evaluate Regina's housing issues, to research and develop strategies to address these issues, and to define the role of the City. Background research and a strategy framework were reviewed and vetted by a group of 19 industry stakeholders, representing all sectors of housing, as well as internal members of the Administration. The CHS, along with Administration's Recommendations for strategy implementation, and stakeholder and public feedback to date, were brought to Council on April 29, 2013. At this meeting, Council approved the CHS along with Administration's Recommendations which identified 28 strategies for implementation, six strategies for further consideration and deemed one strategy unfeasible. At that meeting Council directed Administration to prepare an implementation plan and return to Council before the end of the second quarter.

The Housing Strategy Implementation Plan, approved in June 2013, includes work plans for implementation of the housing strategies recommended for consideration and implementation by Administration. With Council direction, Strategy 15 was removed from the implementation plan for further research and consideration by Administration. For the other 34 strategies, implementation and further consideration began with Council's approval of the work plans in the Housing Strategy Implementation Plan based on short, medium and long-term timeframes.

Since the approval of the CHS in April 2013 and the approval of the Implementation Plan in June 2013, Administration has begun implementation of the short-term and medium-term strategies of the CHS. With the creation of the Housing Commission and the need to bring the Commission up to date on work to address the housing strategies, this report is meant to serve as an update of implementation and progress since implementation began in June 2013. A full,

annual implementation report will be provided to the Housing Commission and Council in Q3 of 2014.

DISCUSSION

Revisions to the Housing Incentives Policy (HIP) and the Downtown Residential Tax Incentives Policy (DRIP)

Revisions to the Housing Incentives Policy (HIP) were approved by Council on July 29, 2013 and the new policy became effective November 1, 2013 for incentives offered in 2014. Revisions to the Downtown Residential Tax Incentives Policy (DRIP), approved by the Housing Commission on October 24, 2013, will undergo review by Council on November 25, 2013. The goal of these revisions was to adjust the policies to address the need to increase rental unit and below market unit supply and to increase housing diversity throughout the city. The policy changes are in keeping with the recommendations outlined in Strategy 1 of the CHS.

Revisions to the Condominium Conversion Policy

The Condominium Policy Bylaw governs the conversion of rental units to condominium units. Revisions to the Condominium Policy Bylaw will increase the rate at which conversion could happen from a two per cent rental vacancy rate to a three per cent vacancy rate for both the Citywide and Zone vacancy rates to align with a three per cent rental vacancy rate target as defined in the CHS. Revisions to the Condominium Policy Bylaw were approved by the Regina Planning Commission on Wednesday, October 23, 2013 and will be reviewed by Council on Monday, November 25. The report on revisions to the Condominium Policy Bylaw has been provided to the Housing Commission as a receive and file for the November 14, 2013 meeting.

Laneway Suites Pilot Project

The City currently allows secondary suites in most residential zones. However, a suite cannot be more than 40 per cent of the total building (house) area and must be located within the existing home. The most common secondary suite is a basement suite. An 11-unit pilot project is currently underway in the Greens on Gardiner subdivision to evaluate laneway suites or suites over a garage. The pilot project will be evaluated to examine the advantages and challenges of laneway suites in terms of servicing, parking, privacy, neighbourhood compatibility and liveability. The Current Planning Branch has received a proposal for a similar pilot project in Harbour Landing, which will go before Regina Planning Commission and Council in November-December 2013. Although similar in scope and look, this pilot would enable Administration to evaluate a second pilot with slight variation in the development standards from the Greens on Gardiner project. Pilot projects will be used to inform changes to the Zoning Bylaw in the future.

Rooming Houses and Short-Term Accommodation Regulations

A five-month study including public consultation was undertaken to evaluate the City's Zoning Bylaw regulations around the rental of single-detached homes to multiple tenants (aka Rooming Houses). The intention of proposed Zoning Bylaw revisions is to regulate the use, not the user. Therefore, proposed amendments will require discretionary use permits for residential homestays defined as rooms that are rented for short-term accommodations for less than 30 days. The outcome of this evaluation also includes enhanced mechanisms for enforcement of property safety and maintenance through existing bylaws and the City's Housing Standards Enforcement Team (HSET). Strategy 15 of the CHS has been amended to reflect the proposed Zoning Bylaw amendments and to address the need for additional low-cost rental accommodations.

Administration's recommendations were approved by Council on October 15, 2013. Subsequent Zoning Bylaw revisions will come before Council on November 25, 2013.

City-Owned Sites Offered Through a Request for Proposals

Six city-owned sites were offered through a Request for Proposals to non-profit housing providers in Q3 of 2013. Proponents for the development of sites for affordable rental and ownership housing were selected in late September. Five of the six sites were presented to the Finance and Administration Committee on November 5, 2013 and will be reviewed by Council on November 25, 2013 for sale at below market.

Homelessness Partnering Strategy 2014 - 2019

The federal government has announced a renewed Homelessness Partnering Strategy based on a Housing First approach. Housing First is an evidence-based approach capable of producing measurable results. It represents a shift from managing homelessness to reducing the size of the homelessness population. Regina will receive \$1.1 million each year for five years from April 2014 to March 2019 to support the priorities identified in the Community Plan. The City is chairing the Community Advisory Board that will develop Regina's Community Plan, make recommendations on funding, and establish partnerships to advance the homelessness issue. A detailed report and presentation on the Homelessness Partnering Strategy will be provided to the Mayor's Housing Commission at its December meeting.

Cold Weather Strategy for Regina's Homeless Population

Regina has a Cold Weather Strategy. In March and April 2013, the Ministry of Social Services convened service providers to Regina's homeless population, including shelters, emergency service agencies, the City, and health services to develop a cold weather strategy for the community. The purpose is to ensure services work together so no one is without a safe place to sleep on cold nights in Regina. The strategy is designed to work with existing services and frontline service providers and is in place from November 1 until March 31 unless weather conditions require that the dates of service be extended.

Community Investment Grants Program

In addition to our housing incentives policies, the City provides funding through the Community Investment Grants Program to organizations that provide community and social development programs and services. Many of these service providers deliver direct services including shelters, second stage housing, transitional and housing support services required to address Regina's housing needs, especially homelessness. In 2013, the City provided \$188,000 to these organizations, and from 2006-2012 provided close to \$840,000 to these types of agencies.

Mayor's Housing Summit and New Housing Types

Following the release of the Comprehensive Housing Strategy and the Mayor's Housing Summit, Administration has been engaged in on-going discussions with landowners and developers regarding new housing types: pocket suites project, shipping container project, student housing and others. In advance of a full Zoning Bylaw review to follow the completion and approval of the Official Community Plan, Administration has been able to accommodate pilot projects for innovative housing such as the laneway suites project through a Direct Control District.

Improved Internal Processes and Reporting

A tracking system for recording and evaluating the housing situation, in general, and the effects of the City's housing policies has been established. This information will be used for annual reporting on the Comprehensive Housing Strategy, which will come before the Housing

Commission and Council in Q3 of 2014 and will include reporting based on the score card established in the Housing Strategy Implementation Plan.

In addition, a process for prioritizing below market and affordable housing projects has been established with our Current Planning Branch. This process does not remove any requirements for planning and permitting including public review but it gives planners notification that an application for affordable housing has been made so it can be prioritized as “first in queue” for review and processing. Neighbourhood Planning Branch and Current Planning Branch will meet in Q4 of 2013 to review the process and its effectiveness.

Work with Saskatchewan Housing Corporation

Administration has called on members of Saskatchewan Housing Corporation to review draft housing incentives policies to ensure they are compatible with provincial funding programs where appropriate. To date, a number of recent projects have qualified for both the City’s housing incentives policy as well as provincial programs including the Rental Construction Initiative, the Rental Development Program, the Affordable Home Ownership Program and the Headstart on a Home program. The stacking of city and provincial programs provides benefits to developers, housing providers, tenants and purchasers including greater choice and diversity in housing and increased funding to provide social or subsidized units that are offered well below the City’s requirements for units below market average. Communication with the Province also helps Administration be able to assist property owners, developers and landlords to learn about and access provincial programs, and has helped the City better understand and work within the Province’s funding programs and funding schedules.

Housing Incentives Policy – Capital Contributions for 2013

Administration has finalized all approvals and agreements for capital incentives for 2013 under the Housing Incentives Policy (HIP). In total, Administration has approved \$1.7 million in capital incentives to provide a \$10,000 per door capital incentive to below market ownership and rental units. Rental units (64) must be kept at or below the average rent for the unit size for five years. Ownership units (102) must be sold to households that meet provincial requirements for assisted homeownership and the capital incentive is passed on to the purchaser either through a reduction in the sale price or as a mortgage helper.

Updates on tax incentives offered through the HIP for 2014 are being finalized and final numbers will be available in Q1 of 2014.

Housing data update

The following information is intended to provide a general overview of the housing context in Regina and changes seen in the past three years. The majority of data has been drawn from CMHC data. Despite a strategy of the CHS to update data with the 2011 Census information (Strategy 34), Administration has found that given the extent to which the housing context has changed since 2011, CMHC data provides the most current and relevant data. Additional data and reporting on housing and the City’s housing incentives and initiatives will be included with an annual report on the housing strategy in Q3 of 2014.

Indicator	2011	2012	2013f
Housing starts	1,694	3,093	2,875 f ¹
% multi-units ² of total starts	43%	58%	60% f ³
Rental starts	219	552	699 f ⁴

f = forecast

¹ CMHC forecast (October 2013)

² Includes semi-detached, row houses, multi-unit buildings

³ Forecast based on starts to date (CMHC)

⁴ Based on applications received by the Current Planning Branch

Indicator	2011	2012	2013f
Rental vacancy rates	.6%	1%	1.9%
Rental vs. ownership	32% : 68% (2006)		29% : 71% (2011) ¹
% rental units of total starts	13%	18%	29% f
Below market rental units (HIP) / all rental	39 / 218	48 / 552	64 / 699 f
Below market rental as % of all rental starts	18% of rental starts	9% of rental starts	9% of rental starts ²

¹ Number based on Census data, although Stats Canada has warned against comparing 2006 census to 2011 census data due to differences in data collection (mandatory vs. voluntary reporting); in areas where a large percentage of households rent, the survey response rate was significantly lower than in areas with high percentages of households who own their home.

² Although capital incentives have been funding a larger number of below market rental units, due to the increase in total rental starts the percentage of below market rental units to all rental unit starts has decreased. However, 9.2 per cent is the number of households reported by CMHC to be in the “core housing need” meaning that they are spending more than 30 per cent of income on housing and/or are unable to find adequate housing. New data is required to calculate whether or not this number has changed in 2012-2013.

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to this report.

Environmental Implications

Increasing multi-unit development will help the city decrease its environmental footprint through more population density requiring less area of streets, roads, pipes and other forms of servicing. Further, incentives for downtown residential construction should encourage additional development downtown where residents can benefit from proximity to jobs and services and be less auto-dependent.

Policy and/or Strategic Implications

Implementation of the housing strategies reflects the work plans as established in the Housing Strategy Implementation Plan approved by Council on July 29, 2013. The strategies of the CHS align with the City’s policy objectives as outlined in the new draft Official Community Plan.

Other Implications

None with respect to this report.

Accessibility Implications

Strategy 19 of the Comprehensive Housing Strategy addresses the need for accessible housing. Currently, multi-unit rental buildings are required to provide a minimum of five per cent accessible units. Through the City’s Housing Incentives Policy, Administration encourages the creation of additional accessible units in other housing forms.

COMMUNICATIONS

The Comprehensive Housing Strategy went through both stakeholder and community consultation including:

A Stakeholder Consultation Group of 19 individuals who reviewed and vetted research, policy alternatives, goals and objectives throughout the process of completing the Comprehensive Housing Strategy.

The Comprehensive Housing Strategy and Administration's Recommendations were posted on March 22, 2013 on the Design Regina website for public review, and individuals were able to provide written feedback prior to the report to Council on April 29, 2013.

On April 18, 2013 three public sessions provided an overview of the Housing Strategy and attendees were provided comment sheets to submit feedback either in written form or on-line. More than 100 people attended these sessions and 26 feedback forms were received. All public comments were provided as part of the report to Council on April 29, 2013.

The Mayor's Housing Summit provided a forum for the public and private sectors including all levels of government, non-profit organizations, developers, realtors and others to discuss the City's housing situation and share positive examples of projects, policies and programs. A 90-minute interactive session on day two of the Summit provided an opportunity for delegates to comment on ideas presented at the Summit and to provide feedback on next steps and important actions.

Two public events were held to discuss the issue of Rooming Houses (Strategy 15) in single-family neighbourhoods, one organized by the community association in Hillsdale/Whitmore Park and a second organized by Administration and held in a downtown location. Both events drew more than 100 people each and more than 100 comment forms were submitted and reviewed by Administration.

Developers and property owners who have received municipal tax and capital incentives in the past have been notified of policy changes and provided with a general overview of the new housing policy.

Specific development projects, such as the laneway pilot project, are subject to the review requirements of any Zoning Bylaw amendment or rezoning application. Going forward, additional pilot projects or housing development requiring discretionary use permit, rezoning or a Zoning Bylaw amendment are subject to a review process including:

- written notice (including plans) to area property owners and residents as well as to the local community association;
- public notification signage posted on the property;
- a public open house may be held depending on the nature of the project (e.g. pilot project)
- notification to residents who provide their written comments and leave contact information for the Regina Planning Commission and City Council meeting dates where they have an opportunity to appear as a delegation.
- a public hearing (RPC/Council meetings).

Reports on the City's housing incentives and housing policies that have gone before a committee and Council provide an opportunity for the public to provide written and verbal comments on the proposed action.

On an on-going basis, comments on the Comprehensive Housing Strategy and housing incentives and initiatives can be sent via e-mail (to chs@regina.ca) as noted on the Design Regina website and will be responded to by Administration.

As the housing implementation plan continues, the City will notify and communicate with the public and stakeholders as required. More specifically, there are 11 strategies identified for public consultation as per the implementation plan. Additional pilot projects and the proper public review process will provide opportunities for public outreach and consultation.

DELEGATED AUTHORITY

The disposition of this report is within the authority of the Mayor's Housing Commission.

Respectfully submitted,



Diana Hawryluk, Director
Planning

Respectfully submitted,



Jason Carlston, Deputy City Manager
Community Planning Development

Report prepared by:
Jennifer Barrett, Senior City Planner

November 14, 2013

To: Members,
Mayor's Housing Commission

Re: Federation of Canadian Municipalities (FCM) National Housing Campaign
City of Regina - Host Housing Roundtable

RECOMMENDATION

1. That this report be provided to the Mayor's Housing Commission as receive and file.
2. That Administration return to the Mayor's Housing Commission in December 2013 with an update and further details on the City of Regina's Housing Roundtable in support of the Federation of Canadian Municipality's (FCM's) national housing campaign, "Fixing Canada's Housing Crunch".

CONCLUSION

On October 28, 2013, FCM, with support from the Big City Mayors' Caucus (BCMC), announced the launch of a national housing campaign, "Fixing Canada's Housing Crunch." The campaign calls on the federal government to commit to a long-term plan for housing that will address the rising costs of housing, the scarcity and cost of rental housing and the expiration of federal dollars for affordable housing.

To support this campaign, FCM is requesting members of the BCMC to host housing roundtables in their jurisdictions across the country to discuss the issue of housing with stakeholders. The structure of the roundtables can vary from municipality to municipality, but generally FCM is recommending two formats: public and stakeholder. The culmination of these national roundtables is to build a body of evidence to demonstrate to the federal government the significant support and need for immediate action on housing issues across Canada.

The suggested timetable for the roundtable meetings is between November 2013 and the end of February 2014, prior to the tabling of the 2014 federal budget. The City of Regina has agreed to host a roundtable meeting in January 2014.

BACKGROUND

At the June 2013 BCMC meeting, members reaffirmed their commitment to focus their advocacy agenda on housing. There are several factors that contributed to this commitment, including and especially the fact that the high cost of housing is the most urgent financial issue facing Canadians, second only to health care costs. According to the Bank of Canada, rising housing costs have pushed Canadians' personal debt to record levels and are putting our national economy at risk.

Building a healthier housing system is a national challenge requiring federal leadership; however, municipal governments are committed to working with other levels of government and local and national stakeholders to contribute to resolving housing issues by supporting, partnering and complementing housing initiatives.

Since the June BCMC meeting, a national housing campaign, “Fixing Canada’s Housing Crunch.” has become the focus for delivering on the priorities stated above. The goal is to secure a commitment for federal incentives to increase rental housing, secure a commitment to work with municipalities and other stakeholders to develop a long-term housing plan and to develop innovative investments, programs and approaches to better meet the housing needs of all Canadians.

Canadians need a stable and secure housing market that creates and maintains jobs and allows for a range of living options. Municipalities and communities need better housing options to attract new workers, meet the needs of young families, seniors and our most vulnerable citizens.

In an FCM led national survey on housing conducted October 18 – 22, 2013, the results demonstrated that the number one financial issue facing Canadians today, besides health care costs, is housing availability. In fact, access to education, transportation costs and food security were rated lower than housing availability.

With this in mind, the City of Regina is pleased to support FCM in calling on the federal government to commit to a long-term plan for housing by working with other municipalities and levels of government to address these crucial issues now.

DISCUSSION

Canada’s household debt is at an historic high. Canadians now owe \$1.63 for every \$1.00 of disposable income compared to \$1.48 in 2009 and \$0.84 in 1990. One in four Canadians is paying more than they can afford for housing – over 30% of their income for shelter -- and mortgage debt held by Canadians now stands at just over \$1.1 trillion. These costs are undermining Canadians’ personal financial security while household debt, as the Bank of Canada notes, is putting our national economy at risk.

At the same time, Canada’s 600,000 social housing units receiving \$1.7 billion in annual federal affordable housing operating agreements have started to expire. Without the federal subsidy, one out of three units is at risk of closing their doors. In the next five years, the greatest drop of \$500 million in annual federal subsidies will expire. These declining federal investments will put 200,000 Canadian households at risk of losing their homes and will create spillover effects throughout the Canadian economy.

The City of Regina supports FCM and the BCMC in calling on all levels of government to work together on a long-term plan that will set the course of action and relieve Canada’s housing crunch by committing to:

- address the rising costs of housing;
- improve predictability of investments;
- address the scarcity of rental housing;
- ensure renewal of the expiring federal dollars for affordable housing;
- reduce homelessness.

As one component of the FCM campaign, BCMC members are asked to host roundtable meetings sometime between November 2013 and the end of February 2014. These roundtables are a key pillar to the campaign as they will bring together regional stakeholders to develop an effective strategy for influencing federal policy makers.

The goal of the roundtable meetings are to build support amongst communities and housing stakeholders, both locally and across the country, to influence the federal government to address the pressing issues of housing availability and the long-term sustainability of the Canadian housing sector.

The deliverables of the meetings can vary, however FCM suggests as an outcome a statement of principles and objectives, with potential next steps in contributing to address and alleviating housing pressures.

The City of Regina will lead the timing, invitees and agenda of the roundtable meeting being hosted, but would welcome input from the Mayor's Housing Commission.

RECOMMENDATION IMPLICATIONS

Financial Implications

The financial implications of hosting the national housing roundtable will be brought to the December 2013 Mayor's Housing Commission meeting, however they are expected to be minimal.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

There is a growing sense of urgency that immediate action needs to be taken to alleviate the housing pressures felt within Regina and all growing urban communities in the province and country.

The City of Regina is cognizant of the fact that the primary responsibility for housing lies with the federal and provincial governments, however there is much the City can do by supporting, partnering and complementing housing initiatives.

The outcome of hosting a national roundtable meeting will be to collectively find innovative and practical ways to further complement federal and provincial strategic policy direction, based on innovative input and advice from the private and non-profit sectors.

The Mayor's Housing Commission is comprised of members with extensive experience in the housing sector. As such, their guidance and input in the national roundtable meeting is valuable in providing first-hand experience in the issues and potential solutions.

Sheila Harmatiuk

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

A communications strategy will be an important component of the housing roundtable meeting and will be used to advertise, promote and bring awareness to housing issues and creative solutions locally, provincially and nationally.

In addition, Mayor Fougere, as a member of the FCM BC MC and the BC MC Working Group on Housing, will raise the profile of the issue with other Big City Mayors' and potentially leverage their support to host additional national housing roundtable meetings to further support FCMs campaign, "Fixing Canada's Housing Crunch."

DELEGATED AUTHORITY

The disposition of this report is within the authority of the Mayor's Housing Commission.

Respectfully submitted,

Sheila Harmatiuk

Sheila Harmatiuk, Manager of Government Relations,
Governance and Strategy

Respectfully submitted,

Michael Fougere

Michael Fougere,
Mayor

Report prepared by:
Sheila Harmatiuk, Manager of Government Relations

November 14, 2013

To: Members,
Mayor's Housing Commission

Re: Condominium Conversion Policy Amendment

**RECOMMENDATION OF THE REGINA PLANNING COMMISSION
– OCTOBER 23, 2013**

That this report be received and filed.

REGINA PLANNING COMMISSION – OCTOBER 23, 2013

Francis Wallace, City Planner, made a presentation, a copy of which is on file in the City Clerk's Office.

The Commission adopted a resolution to concur in the recommendation contained in the report.

Councillors: Jerry Flegel, Shawn Fraser and Mike O'Donnell; Commissioners: David Edwards, Phil Evans, Dallard LeGault, Ron Okumura, Daryl Posehn, Phil Selenski, Laureen Snook and Sherry Wolf were present during consideration of this report by the Regina Planning Commission.

The Regina Planning Commission, at its meeting held on October 23, 2013, considered the following report from the Administration:

RECOMMENDATION

1. That *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) be amended to:
 - a) increase the CMA Vacancy Rate and Zone Vacancy Rate thresholds that applies to the approval of conversion of properties containing five or more units to three percent or more;
 - b) clarify that a secondary suite is not eligible for conversion to condominium ownership;
 - c) clarify the language requirements for conversions of buildings with 2 to 4 units to encompass the existing number of rental units, not the number of proposed condominium units;
 - d) provide the Development Officer authority to deny condominium conversion applications that do not comply with the requirements established in Bylaw No. 2012-14;
 - e) correct typographical errors through housekeeping amendment.

2. That *The Development Fee Bylaw, No. 2008-66* be amended in a separate report brought to Executive Committee to correct condominium conversion fees as established and approved in Council report (CR12-4) dated January 23, 2012 and that *The Condominium Application Fees Bylaw, No. 2001-100* be repealed.
3. That the City Solicitor be directed to prepare the necessary bylaw to authorize the amendments, as described above.
4. That this report be forwarded to the November 25, 2013 City Council meeting, which will allow sufficient time to advertise the required public notice for the subject bylaw amendment.
5. That this report be forwarded to the Mayor's Housing Commission for information.

CONCLUSION

The city-wide vacancy rate of 1.9 percent in Regina as reported for April 2013, although increasing slightly over the past few months, is less than the vacancy rate target of three percent as established in the *Comprehensive Housing Strategy*, approved by Council on April 29, 2013. Currently, the existing Condominium Policy Bylaw allows conversions of properties containing five or more rental units to condominium units to occur at two percent vacancy for both citywide and zone vacancy rates.

As a result, the Administration recommends adjusting the two percent thresholds to three percent. The purpose of this change is to increase and stabilize rental unit supply. Monitoring and annual reporting on the housing market through the *Comprehensive Housing Strategy* will allow Administration to evaluate current housing needs, rental supply and availability in order to appropriately adjust housing policies in subsequent years.

The conversion policy requires the Administration to consider applications for condominium conversion for any property containing 2-4 units, without being subject to the current vacancy rate of two percent. The Administration has identified an undesirable situation where a smaller apartment building might be permitted a conversion that reduces the total unit number of apartments from greater than five, to four, resulting in the application not being subject to a vacancy rate threshold. In order to ensure the intent of the policy is preserved, an amendment to the policy proposing that during condo conversion the total number of apartment units be equivalent to the resulting number of approved condominium units.

This report also recommends the policy be amended to clarify that secondary suites are excluded from condominium conversion. As discussed in the body of this report, secondary suites should be considered an inappropriate unit type for conversion to a condominium.

In its analysis of the policy, the Administration found errors in the fee structure for condominium conversions. These amendments will be addressed in a separate report amending the *Development Fee Bylaw, No. 2008-66*. Typographical errors with the existing Bylaw are also addressed as housekeeping amendments in the discussion of this report.

BACKGROUND

On July 29, 2013, Council considered report (CR13-110) in which the Administration indicated it would begin a review of the *The City of Regina Condominium Policy Bylaw, 2012* and suggest

policy revisions to ensure the stability of the rental market. Prior to this report, CMHC's Rental Market Report for April 2013 noted the city-wide vacancy rate at 1.9 percent. The current condominium conversion policy allows for conversions of properties containing five or more rental units to condominium units once vacancy has reached two percent for 12 consecutive months. As a result, the City's ability to achieve a three percent city-wide vacancy target by 2017 as set out in the *Comprehensive Housing Strategy* is hampered when conversions, under the terms of the policy, must be considered at two percent.

Increased economic and population growth in the city and region have put additional pressures on the rental market as newcomers and temporary workers arrive in the city and seek housing accommodations. Many of Regina's newest residents rely on rental and short-term accommodations to meet their housing needs, thus putting added pressure on rental supply. In addition, the conversion of rental units to ownership units in 2007-2008, amounting to nearly 500 units, significantly depleted the rental housing market. Coupled with increasing growth, these factors have contributed to a vacancy rate of less than one percent since 2008. The *Comprehensive Housing Strategy*, approved by Council on April 29, 2013 establishes a vacancy rate target of three percent along with additional strategies to increase and retain rental housing supply. The City's policy for the conversion of rental units to condominiums is important to ensuring a stable rental market.

DISCUSSION

Vacancy Rate Adjustment

Condos provide a viable housing option to entry-level buyers who may not qualify for the purchase of a detached home, as well as buyers who prefer homeownership with fewer maintenance responsibilities. However, in a tight rental market and with the potential to convert apartments into condos, additional market challenges are created when one form of housing tenure is replaced for another. This is why many cities have put regulations in place to control condo conversion when rental vacancies are low. The City of Regina is no different in this regard.

In May 2010, the City of Regina engaged the Business Centre for Management Development Inc. (BCMD) of the University of Regina, to undertake a review of the *City of Regina Condominium Conversion Policy*, dated October 17, 1994. BCMD's review of the policy included 20 recommendations designed to facilitate the conversion process, address tenant hardship, eliminate the tenant survey, and to streamline the administration of the policy. One of the key elements of this review encouraged the creation of a stable city-wide vacancy rate of two percent or greater for most properties. Responding to this review, the Administration brought forward a report to City Council (CR12-4), recommending an amendment to the conversion vacancy threshold from three percent to an average two percent vacancy rate over two consecutive CMHC reporting periods. It was thought that this threshold would balance the interests of investors by encouraging investment while protecting the interests of tenants. Regrettably, this threshold hinders Council's ability to reach a healthy city-wide three percent vacancy target, as recommended by CMHC and established in the *Comprehensive Housing Strategy*. Based on this policy deficiency, the Administration is recommending an increase to the existing threshold to match the intended three percent vacancy target. To ensure the effectiveness of the proposed policy changes, a biennial review of the *The City of Regina Condominium Policy, 2012* be undertaken unless the rental vacancy rate requires more frequent analysis.

Comparative Policy Analysis

To determine whether this threshold adjustment corroborates with other municipalities, a comparative analysis was performed to determine policy consistency throughout other cities (Appendix A). Over the past five years, the City has experienced a vacancy rate of below one percent and a decline in availability of rental units. Many major municipalities in Saskatchewan and other provinces have implemented policies restricting conversions during times of low vacancy.

A comparison of the legislation from other jurisdictions including the cities of Saskatoon, Prince Albert, Calgary, Edmonton, Winnipeg, Toronto and Vancouver determined that the City of Regina's vacancy threshold for condominium conversions is lower than average. The comparison found that, those cities studied maintained an average vacancy rate conversion threshold of 2.8 percent.

- The City of Prince Albert requires a city-wide vacancy rate threshold of three percent to convert,
- Saskatoon requires a city-wide vacancy rate threshold of 1.5 percent to convert,
- Toronto allows conversions so long as the city-wide vacancy rate threshold is 2.5 percent,
- The City of Vancouver restricts conversions of smaller buildings to a city-wide vacancy rate threshold of four percent.

Other cities such as Calgary and Edmonton do not have condo policies, deferring instead to provincial legislation which does not address rental supply or tenant hardship. Winnipeg also relies on provincial legislation and typically does not play a role in approving conversions.

Determination from the Comparative Analysis:

The conversion of apartment rentals to condominiums can adversely affect the city-wide vacancy rate through the reduction of rental stock, as rental units become displaced through the creation of ownership units during the conversion process. Currently the threshold for conversion of five or more units requires a two percent zone vacancy rate and a city-wide vacancy rate having reached two percent for two consecutive census periods. In the case of 2-4 unit developments no vacancy rate threshold is in place.

The analysis determined that Regina's vacancy rate threshold of two percent is lower than the 2.8 percent average of those municipalities compared above. A three percent vacancy threshold represents a balanced alternative to the current conversion threshold of two percent. It ensures that condominium conversion remains attainable while more rigorously protecting the interests of tenants and assisting to stabilize rental supply. Amending the conversion threshold to three percent better aligns the City of Regina's policy relative to other comparable jurisdictions.

Zone Vacancy Rate Threshold Alignment

It is the goal of the Administration to align the conversion policy with Council's objectives of achieving a healthy city-wide vacancy rate, and the creation of a stable rental market without discouraging or disincentivizing investors from creating purpose-built rental accommodation. For this reason, the Administration proposes an alignment of the Zone boundaries with the Census boundaries established by Statistics Canada for determining Zone Vacancy Rate data (see Diagram of Zone Boundaries below). This will allow annual zone vacancy data collected by the

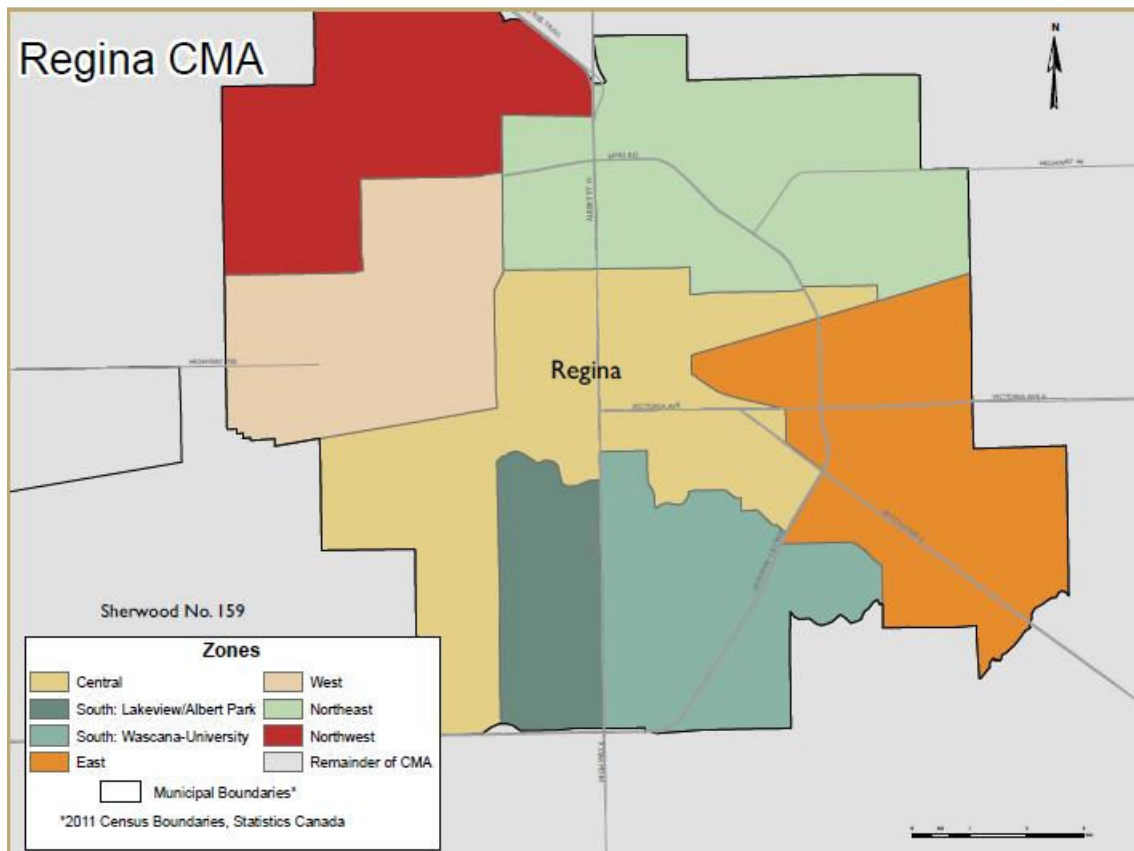
Canadian Mortgage and Housing Corporation (CMHC) to inform and establish the Zone Vacancy Rate threshold for condo application purposes. The Administration also recommends amending the current Bylaw to align the Zone Vacancy Rate threshold from two to three percent to achieve the 2017 vacancy targets established by Council.

The Zone Vacancy Rate threshold would use the established Census boundaries created by Canada Mortgage and Housing Corporation (CMHC) designed to monitor the Regina Apartment Average Vacancy Rate by Zone in eight zones: Central; South: Lakeview/Albert Park; South: Wascana-University; East; West; Northeast; Northwest; and the Remainder of CMA. CMHC calculates zone vacancy rates on an annual basis with data available in October of each year. The information collected for each zone offers the Administration an additional method of better assessing the overall health of localized city districts.

In 2012, apartment vacancy rates in Regina's eight zones ranged from a high of 1.8 percent in the Central zone to a low of 0.3 per cent in the East. These vacancy rates are indicators that the city is experiencing low vacancy and can be used as a tool to determine whether conversions are appropriate on a zone-by-zone basis and the implications of conversion within a specific region.

By considering the Zone Vacancy Rate in the overall assessment for conversions to occur, Administration is also able to identify areas where rental unit supply may be in excess of neighbourhood need and to signal that policy adjustments should be made to encourage a diversity of housing tenure to avoid a concentration of rental units in areas of the city.

Diagram of Zone Boundaries:



Consideration of Conversion Applications

As the Bylaw currently reads, Administration is given the authority to “consider and approve applications.” Therefore, currently all conversions must be accepted and considered with funds for the application transferred even if the application is brought forward at a time where the vacancy rate is below the minimum vacancy rate threshold. This puts the Administration in an awkward situation of taking in and considering applications that do not meet the Bylaw’s requirements. In considering these types of applications, the City absorbs an administrative cost in terms of staff time and resources. With Council’s approval, the Administration would consider only those applications that meet the minimum eligibility requirements including satisfying the vacancy rate threshold prerequisite. This will also ensure the Administration will not be returning to Council if the vacancy rate is below three percent. To amend this process, the Administration is requesting Council’s approval to grant the Development Officer express denial authority to deny any application that does not comply with the requirements. This will reduce the administrative time associated with reviewing an application in times when the vacancy rate is below the accepted threshold for conversion.

Conversion of Secondary Suites

A secondary suite, sometimes called an in-law suite, is a subordinate, self-contained unit within a detached dwelling unit occupying no more than 40 percent of the total gross floor area of the home. The unit requires a full kitchen and bathroom and separate entrance from the home. Among other benefits, secondary suites assist in providing affordable rental accommodation and contribute to modest population increase in neighbourhoods experiencing population declines. More recently, the City has approved a pilot project to evaluate laneway or garden suites, which are secondary suites located in a detached, accessory building such as a garage. The rent collected from these unit types assists the homeowner financially in terms of contributing as a mortgage helper.

The City of Regina incentivizes the creation of secondary suites through a tax incentive equal to 25 percent of the property taxes levied on the property. The Province of Saskatchewan also helps to fund secondary suites through the Secondary Suite Program by way of a 50 percent forgivable loan on the cost of construction/renovation to a maximum of \$30,000.00 per suite so long as the unit remains affordable. These incentives assist in the creation of secondary suites in both existing and purpose-built houses. Secondary suites as a mortgage helper are becoming increasingly popular with the increased value of home prices. It is due to these incentives that the Administration wants to ensure the continued purpose and intent of these units is preserved.

The Administration is aware of the potential for an owner of a house containing a secondary suite to make application for conversion based on the premise that the house contains two legal units, and therefore qualifies as a two-unit building. Taking this one step further, the owner could apply and receive City and Provincial incentives for the creation of a secondary suite, wait for the funding to be realized and then apply for a conversion as a 2-4 unit building, and be exempt from the vacancy rate threshold. The Administration believes that this scenario defeats the intent of providing incentives for the creation of secondary suites and decreases the number of available rental units on the market thus defeating the original purpose to increase rental supply. As a result, it is recommended that the conversion policy be amended to ensure secondary suites are ineligible for condominium conversion.

The Administration does not foresee the need to amend the policy as it pertains to the eligibility requirements for 2-4 unit buildings, such as semi-detached or duplex developments. Applications

for this type of conversion would most likely be few in number and are unlikely to dramatically reduce the rental stock.

Housekeeping Amendments

Language Governing 2 to 4 Unit Conversions

The Administration has identified an undesirable interpretation of the Policy whereby a building with five or more units might be permitted a conversion that reduces the total unit numbers to four, resulting in the application not being subject to a vacancy rate threshold. In order to ensure the intent of the policy is preserved, an amendment to the policy proposing that the total number of apartment units be equivalent to the resulting number of approved condominium units. This will ensure that apartment units are not reduced solely for the purpose of avoiding the vacancy rate threshold prior to condominium conversion.

Fee Structure Amendment

In its analysis of the Policy, Administration found a typographical error pertaining to the categorization of unit numbers governing condominium conversions and associated fees, referenced in Section 40, Consequential Amendments of *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14). The current policy incorrectly references properties with 2-4 units, five to 100 units, and 100 units and greater for condominium conversion applications. The proposed amendment will be brought before Executive Committee as an amendment to *The Development Fee Bylaw, No. 2008-66*, correctly grouping the categories by 2 to 4, five to 50 and greater than 50 unit conversions as established in recommendation #6 from Council report (CR12-4) dated January 23, 2012. As a matter of procedure, the *The Condominium Application Fees Bylaw, No. 2001-100* will be repealed.

Text Amendment Governing Conversions

In its analysis of the Policy, Administration found typographical errors pertaining to conversion approval, referenced in Sections 18, 19 and 22 under Condominium Conversion Approval of *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14). To correct this error, the proposed amendment recommends the following text amendments as referenced in recommendation #3 from Council report (CR12-4) dated January 23, 2012:

Page 8:

Condominium Conversion Approval

18) " The Development Officer is hereby delegated the authority to consider and approve applications for Condominium Conversion for any Property that contains 2 to 4 Units,..."
--

To read:

"The Development Officer is hereby delegated the authority to consider, <i>approve or deny</i> applications for Condominium Conversion for any Property that contains 2 to 4 Units,..."

Page 9:

Condominium Conversion Approval

19) "The Development Officer is hereby delegated the authority to consider and approve applications for Condominium Conversion for any Property that contains 5 to 50 Units..."

To read:

"The Development Officer is hereby delegated the authority to consider, *approve or deny* applications for Condominium Conversion for any Property that contains 5 to 50 Units..."

Page 10:

Condominium Conversion Approval

22) "City Council shall review the recommendation of the Regina Planning Commission and where a Property contains 51 Units or more, Council may consider and approve the application for Condominium Conversion..."

To read:

"City Council shall review the recommendation of the Regina Planning Commission and where a Property contains 51 Units or more, Council may consider, *approve or deny* the application for Condominium Conversion..."

RECOMMENDATION IMPLICATIONS

The recommendations in this report would establish a revised condominium conversion policy. The proposed policy revisions are in line with Council's objectives of achieving a stable rental market vacancy rate.

Financial Implications

None with respect to this report.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The recommendations in this report would establish a revised condominium conversion policy. The proposed policy revisions are in line with Council's objectives of achieving a stable rental market vacancy rate.

Administration has sent this report to the Regina Planning Commission rather than the Housing Commission due to the timely nature of the issue. With a vacancy rate in the spring of 2013 of nearly two percent and another vacancy rate to be reported in the fall of 2013, changes to the Bylaw are necessary to achieve the goal of the *Comprehensive Housing Strategy* to reach a three percent rental vacancy rate and protect the current rental stock. The Housing Commission will receive the report as a receive and file once the Commission is established.

Revisions to the *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) will result in a more defined policy that matches more closely Council's goal of reaching a healthy city-wide vacancy rate of three percent by 2017. Conversions of buildings having five or more units will only be considered when the city-wide and zone vacancy rates are three percent or greater. Further, the amendments to Bylaw 2012-14 are aligned with the policy direction of both

the *Comprehensive Housing Strategy* and the final draft *Official Community Plan* to achieve housing diversity and increase the supply of rental housing.

Amendments to the *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) are intended to stabilize rental supply while housing needs and supply are monitored through the *Comprehensive Housing Strategy*. Information collected through monitoring will allow Administration to better evaluate current housing needs and to appropriately adjust housing policies in subsequent years.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

Administration will continue to work with the Communications Branch to ensure that changes to the *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) are made available to the public and to interested parties. This amendment will be advertised in the November 2 and 9, 2013 editions of the *Leader-Post*.

DELEGATED AUTHORITY

City Council approval is required to establish the proposed Policy and bylaw amendments.

Respectfully submitted,

REGINA PLANNING COMMISSION



Elaine Gohlke, Secretary

APPENDIX A

Impact of Vacancy Threshold on Conversions Between Cities

Many municipalities govern when applications for conversion are permissible by using a vacancy threshold. A city with a vacancy rate threshold of 3 percent will disallow conversion when the vacancy rate is under this threshold. As the vacancy rate fluctuates from one year to another, many municipalities restrict or approve conversions based on their policy thresholds.

An analysis of five municipalities, beginning in 2002 and ending in 2012, demonstrates which cities would have allowed conversions based on their respective thresholds. The following table lists a city's vacancy rate per year, with a possibility for conversion indicated in red. A white cell indicates a vacancy rate threshold restriction. As stated previously, Calgary, Edmonton and Winnipeg defer to provincial policy and as a result allow conversions regardless of the vacancy rate. For this reason, they have been omitted from this analysis.

Year/ City's Vacancy Rate	02	03	04	05	06	07	08	09	10	11	12
Prince Albert (3%)	7	5.4	7.8	7.8	2.9	7.1	1	2.2	4.7	2.7	3.9
Regina (prop. 3%)	1.9	1.9	2.8	3.2	3.2	1.7	0.5	0.6	1	0.6	0.9
Saskatoon (1.5%)	3.7	4.4	6.4	4.6	3	0.7	1.9	1.8	2.5	2.6	2.5
Toronto (2.5%)	2.5	3.8	4.4	3.8	3.2	3.2	2	3.1	2.1	1.4	1.7
Vancouver (4%)	1.4	2	1.3	1.4	0.8	0.8	0.6	2.2	1.9	1.4	1.8

With the exception of Vancouver, each city would have allowed conversions to take place to some degree. If the City of Regina were to consider a vacancy threshold of three percent, conversions would have been possible in two of the past 11 years (18% of the time). Regina's existing vacancy rate threshold of two percent would have allowed conversion during the years 2004 – 2006, or 27 percent of the time.

The City of Saskatoon, with a threshold of 1.5 percent would have considered applications every year with the exception of 2007 (91 percent of the time). Prince Albert's 3 percent and Toronto's 2.5 percent thresholds would have allowed conversions in all but four of the past 11 years, resulting in conversion opportunities 64 percent of the time.

In the case of Regina, this review suggests that a vacancy rate adjustment from two to three percent would have a slight impact on conversions over the last eleven years, given that the vacancy rate has mostly been lower than two percent.

Expanding this analysis to include the years 1992 through 2012, the three percent threshold would result in conversion opportunities during 5 of the past 21 years (24 percent of the time). A two percent threshold over this same time period would allow conversion in eight of the past 21 years (38 percent of the time) resulting in a 14 percent difference between two and three percent thresholds. At no point during the past 21 years has the vacancy rate been greater than 3.7 percent, meaning that for the City of Regina, anything over 3.7 percent would result in a conversion moratorium. Based on historical data any threshold greater than 3 percent would result in a technical moratorium similar to the City of Vancouver where conversion has not been considered in the past 11 years.