

Report

Date August 12, 2025
Subject 2025 Updates – Draft Affordable Housing Policy

File: SPP00073

PURPOSE

To provide Council with background information on a revised Affordable Housing Policy and Implementation Plan (Attachment 1) and to seek Council's endorsement of the policy.

BACKGROUND

The project to develop an Affordable Housing Policy and Implementation Plan (AHP) has been ongoing for several years. Attachment 2 provides an overview of the project history and links to relevant Committee and Council reports and meetings.

Most recently, the draft AHP was brought to the Committee of the Whole (COW) in September 2023, following public engagement on the draft policy. However, at that time, there was an economic review underway, and the policy was put on hold to await the results of that study. In the interim, the Province introduced several legislative changes relating to housing, impacting the tools available to local governments and causing staff to reprioritize work to meet legislated deadlines. In general, the changes to the legal framework have now come into effect and stabilized, so it is a reasonable time to revisit the AHP.

DISCUSSION

In December 2020, then Councillor Rob Douglas identified “a critical lack of affordable housing in North Cowichan, for both rental and ownership housing” as background for the Council resolution directing staff to develop an affordable housing policy. Much has changed in the past five years, including some positives. For example, the rental vacancy rate, which was 0.3% in October 2022, has increased, likely in part due to the construction of purpose-built rentals in the region, and is now closer to a balanced market.¹ There are also many indications that the challenges relating to housing persist, including:

- **Average rent (private apartments)** across all unit types has increased from \$874 in October 2019 to \$1,201 in October 2024: an increase of 37% in five years. These averages include long-term (rent-controlled) tenancies, meaning that available units generally have much higher rents.
- **The benchmark home prices** have increased as follows in the Cowichan Valley²:

Type of Unit	Five Years Ago	May 2025	Change
Single-detached	\$505,900	\$806,800	62%
Townhouse	\$338,000	\$547,300	64%
Apartment	\$218,800	\$348,500	63%

¹ Rental Vacancy for the Duncan CA: October 2020: 1.8%, October 2022: 0.3%, October 2023: 2.3%, October 2024: 2.2%. A 3% vacancy rate is generally considered a “balanced” market.

² Vancouver Island Real Estate Board May 2025 Stat’s Package: <https://vireb.com/wp-content/uploads/2025/06/05-May-25-VIREB-Stats-Package.pdf>

- Results from the **point-in-time homelessness counts** since 2020:

	March 2020	April 2023	Nov 2024
Number of people identified in point-in-time homelessness counts	129	223	180

Overview of the draft Affordable Housing Policy and Implementation Plan

It is not within the power of North Cowichan to resolve the national/provincial/regional housing crisis; however, every affordable unit created has the potential to be life-changing for a family or individual.

The goals of the policy are:

- to create a supportive environment for affordable housing projects; and,
- to provide a framework for leveraging investments in the community and region from the federal and provincial governments, while continuing to prioritize housing delivery.

The policy provides standing direction for staff and also identifies a number of initiatives and projects that can be completed in the coming years.

The following table provides an overview of the Policy:

Policy Section	Overview
1. Purpose	<ul style="list-style-type: none"> Outlines the objectives of the Policy
2. Scope	<ul style="list-style-type: none"> Explains how the Policy is intended to be used
3. Acronyms & Definitions	<ul style="list-style-type: none"> (Similar to a zoning bylaw) the definitions provide guidance on the thresholds and standards for other sections of the policy and form an important part of the policy, clearly defining what is meant by terms such as "affordable housing unit" or "average rent"
4. Partnerships & Advocacy	<ul style="list-style-type: none"> Provides strategic direction regarding partnerships with other organizations and advocacy to higher levels of government
5. Delivering Affordable Housing	<ul style="list-style-type: none"> Directs staff to work towards adding new affordable housing developments in the community. Directs staff to seek funding opportunities and apply for funding from the taxpayer funded Regional Housing Fund.
6. Addressing Homelessness	<ul style="list-style-type: none"> Recognizes that the number of people in the community experiencing homelessness constitutes a crisis. Reinforces the goal to seek housing and supports from other levels of government. Identifies follow up work to support provision of new shelter beds and supportive housing at the regional scale.
7. Using the Affordable Housing Reserve Fund	<ul style="list-style-type: none"> Provides guidance for how funds can be applied to the Affordable Housing Reserve Fund and how the funds can be used. Identifies follow-up work to consider amendments to Reserve Funds Bylaw and/or to develop a detailed terms of reference for the fund.

Policy Section	Overview
8. Leveraging Municipal Real Estate	<ul style="list-style-type: none"> • Provides strategic direction related to identification/acquisition of municipal land for affordable housing projects. • Identifies follow-up work to review the existing land holdings and to consider developing a property management strategy.
9. Co-locating Housing with Municipal Facilities	<ul style="list-style-type: none"> • Provides strategic direction to consider opportunities to develop housing concurrently with development/redevelopment of municipal facilities. • Identifies follow-up work to consider bylaw amendments to facilitate this type of initiative.
10. Providing Financial Incentives for Affordable Housing	<ul style="list-style-type: none"> • Reinforces that affordable housing projects may be eligible for permissive tax exemptions. • Identifies follow-up work to consider options for providing financial incentives for affordable housing (e.g. DCC waivers/reductions) and potentially clarifying the eligibility for permissive tax exemptions.
11. Providing Non-Financial Supports for Affordable Housing	<ul style="list-style-type: none"> • Provides direction to consider variances and density bonusing for affordable housing projects. • Identifies follow-up work to consider differential zoning provisions for affordable housing. • Provides direction to staff to prioritize applications for affordable housing developments over comparable applications.
12. Protecting Existing Rental Units	<ul style="list-style-type: none"> • Reinforces the strata-conversion policies designed to protect existing rental units. • Identifies follow-up work to consider adopting a rental protection or “renoviction” bylaw. • Identifies follow-up work to monitor and consider regulating “short-term rentals.”
13. Encouraging Development of Accessory Dwelling Units (ADUs) and Small-Scale Multi-Unit Housing	<ul style="list-style-type: none"> • Identifies follow-up work to reduce regulatory barriers for these types of units and to develop streamlined development permit guidelines for small-scale multi-unit housing developments.
14. Requesting Housing Related Contributions from New Development	<ul style="list-style-type: none"> • References adoption of the draft Interim Community Amenity Contribution Policy. • Identifies follow-up work to consider developing a comprehensive Community Amenity Contribution Policy and to consider using the new inclusionary zoning powers.
15. Monitoring and Evaluation	<ul style="list-style-type: none"> • Identifies follow up work to: <ul style="list-style-type: none"> • Consider developing a “housing dashboard” • Consider maintaining a list of Housing Agreements and affordable housing developments. • Consider additional opportunities for data and program monitoring and evaluation.

Policy Section	Overview
16. Affordable Housing Implementation Plan	<ul style="list-style-type: none"> • Lists the in-stream affordable housing projects for which the Municipality is a partner. • Identifies that 226-394 new non-market units are needed in the next 5-years based on the 2024 Interim Housing Needs Report. • Lists 18 affordable housing related projects/actions identified by the OCP and/or the Affordable Housing Policy. • Prioritizes these five actions to be completed first: <ol style="list-style-type: none"> 1) Review the Municipality's Land Inventory for Affordable Housing Opportunities and Develop a Property Management Strategy 2) Adopt the interim Community Amenity Contribution Policy 3) Develop a Housing Data "Dashboard" 4) Develop a comprehensive regional homelessness strategy 5) Develop Financial Incentives for Affordable Housing Developments (including DCC Waiver Bylaw/Policy) 6) Review/develop bylaws related to Rental Tenure Zoning and tenant protection

The 2025 draft Affordable Housing Policy has been significantly revised from the previous version

The new draft of the AHP has been significantly revised from the [2023 version](#). Most importantly, the 2025 version places less emphasis on developer contributions towards affordable housing. The current version is almost entirely "inward facing", focusing on:

- actions that North Cowichan can take to directly contribute to the delivery of new affordable housing and leverage affordable housing funding sources for the community; and,
- creating a supportive policy environment that protects existing affordable housing and encourages/incentivizes the development of affordable housing by others.

In late 2023, the COW received the final report of a development economics study completed by Mulholland & Parker Land Economists. The report concluded that, under the market conditions at the time, the affordable housing Community Amenity Contributions (CAC) proposed in the 2023 draft of the AHP would be affordable for some, but not all types of development, and that the affordable housing CAC would absorb most (approximately 80%) of the recommended CAC available, leaving little room for other types of CAC.

Since then, updates to infrastructure models (prepared as background work for updating the Development Cost Charge (DCC) Bylaw have revealed significant infrastructure upgrades that are needed in the short term, and that developer contributions will be required to make these upgrades possible. External economic factors (e.g., interest rates, inflationary pressures, international tensions) are also contributing to this being a challenging time for certain types of development in the region.

For these reasons, the requests for affordable housing contributions as CAC have been removed from the AHP. Instead, a more modest affordable housing component has been included in the Interim

Community Amenity Contribution Policy, which is being considered through a parallel process.³ The current version of the AHP still provides direction to revisit this discussion in the future and/or to review the new tool of “inclusionary zoning” that is now embedded in the *Local Government Act*.

In the meantime, the updated version of the AHP directs staff to seek other funding sources for affordable housing projects proactively. Funding sources include BC Housing, Canada Mortgage and Housing Corporation (CMHC), and the Cowichan Regional Housing Fund:

- BC Housing is a current funding partner on the housing project underway at 3191 Sherman Road in Berkey’s Corner and has provided \$250,000 in project development funding for a proposed project at 2988 Elliott Street in Chemainus.
- The federal government has indicated that it intends to make funding affordable housing (likely through CMHC) a priority.
- The Cowichan Housing Association administers the “Regional Housing Fund”, the Cowichan Valley Regional District’s (CVRD) regional service, which provides an annual taxpayer-funded contribution towards financing permanent affordable rental housing projects (including “seed” money intended to leverage resources from other funders). North Cowichan households pay into this fund to support affordable housing developments in the region.

Without detracting from the focus of the policy on the housing affordability issues affecting households throughout the community, the revised policy places more emphasis on the crisis of people facing homelessness. The policy recognizes that this is a complex and multifaceted issue that requires a regional approach and investments from other levels of government. The policy provides interim guidance, directing staff to work collaboratively with partners and to advocate for the region.

There are other revisions to the policy resulting from factors including:

- work completed since fall of 2023 (e.g., zoning changes made in response to Bill 44);
- legislative changes (e.g., inclusionary zoning; tenant protection rules);
- the additional real estate management and social planning capacity within the organization;
- and,
- feedback provided by Council and Committee.

Attachment 3 provides a detailed overview and explanation of the revisions to the policy as compared with the 2023 version. Attachment 4 provides details on the new provincial regime for short-term rentals as well as a current snapshot of North Cowichan’s existing regulations and active business licences.

OPTIONS

1. **(Recommended Option)** THAT Council adopts the Affordable Housing Policy and Implementation Plan, as attached to the August 12, 2025, report.
 - The AHP would be adopted as formal Council policy and implementation could begin immediately.

³ The public engagement for this policy has concluded and a “what we heard” report regarding the input received will be presented at the next Economic Development Committee meeting for comment before returning to Council.

2. THAT Council directs staff to *[Council to provide specific direction on what additional research should be conducted]* and bring the revised draft Affordable Housing Policy and Implementation Plan back to Committee of the Whole for further discussion.
- Council may conclude that additional research or information is needed before it is prepared to move the Policy forward.
 - This will delay adoption of the Policy; however, the more specific the direction from COW, the more quickly it can be addressed by staff.

IMPLICATIONS

The Policy is not a bylaw, and adoption will not legally bind North Cowichan. Different sections of the Policy have different implications. In most cases, staff or consultant time would be required to implement the identified projects and initiatives. In 2023, it was hoped that some of the identified work could be completed using grant funding from the federal government's Housing Accelerator Fund (e.g., developing and implementing an Accessory Dwelling Unit strategy). Some of the more ambitious/costly aspects have been reduced. The current policy does not provide a timeframe for completing implementation, and three of the five prioritized implementation actions are projects that are in the current workplans of staff.

Another factor is that sections of the Policy provide (nonbinding) direction for future decisions that may have significant financial implications (e.g., the land value of any land allocated to affordable housing or the cost of any financial incentives developed). In such cases, the future financial implications will be evaluated and presented to Council as part of the implementation of those individual actions.

Adoption of this policy should assist with grant applications, helping to convey to other governments and organizations that delivering affordable housing is a priority for North Cowichan and we are working to support affordable housing initiatives and projects.

RECOMMENDATION

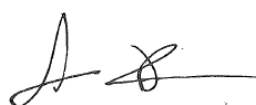
THAT Council adopts the Affordable Housing Policy and Implementation Plan, as attached to the August 12, 2025, report.

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Attachments:

- (1) Draft Affordable Housing Policy and Implementation Plan (2025)
- (2) Detailed background
- (3) Overview of revisions
- (4) Short-Term Rentals update