

To: Regional and Corporate Services Committee

Date: 2018-05-29

From: Johannes Bendle, Planner I

File No: 6430-01-General

Subject: Local Government Statutes – Housing Needs Reports Amendment Act, 2018 and Residential Rental Tenure Zoning Amendment Act, 2018

INTENT

This report is intended to advise the Fraser Valley Regional District Board of information pertaining to amendments to the *Local Government Act*. Staff is not looking for a recommendation and has forwarded this information should members want more clarification to discuss the item further.

STRATEGIC AREA(S) OF FOCUS

Foster a Strong & Diverse Economy

Support Healthy & Sustainable Community

KEY POINTS

- The Provincial Government has introduced two pieces of legislation: Bill 18 – 2018 – ***Local Government Statutes (Housing Needs Reports) Amendment Act, 2018*** and Bill 23 – 2018 – ***Local Government Statutes (Residential Rental Tenure Zoning) Amendment Act, 2018***.
- *Local Government Statutes (Housing Needs Reports) Amendment Act, 2018*.
 - Requires local governments to prepare housing needs reports and establishes legislation regarding information that a local government must collect for the purpose of preparing housing needs reports.
 - Will come into force through regulation.
- *Local Government Statutes (Residential Rental Tenure Zoning) Amendment Act, 2018*.
 - Allows local governments to adopt zoning bylaw regulations that limits the form of tenure to residential rental tenure and further allows local governments to limit the form of residential rental tenure in relation to a specified number, portion or percentage of housing units in a building.

BACKGROUND

The Provincial Government has introduced two pieces of legislation that will amend the *Local Government Act (LGA)* and *Vancouver Charter*. Bill 18 – 2018 – *Local Government Statutes (Housing Needs Reports) Amendment Act, 2018* received Royal Assent on May 17, 2018. Bill 23 – 2018 – *Local Government Statutes (Residential Rental Tenure Zoning) Amendment Act, 2018* received Third Reading on May 14, 2018. The intent of the legislation is to provide local government with tools to promote more residential rental housing in British Columbia's tight rental market. The legislation requires local governments to assess the housing needs of their communities and provides a new tool to protect and encourage rental housing by providing local governments with the authority to apply residential rental tenure zoning regulations to properties.

DISCUSSION

Local Government Statutes (Housing Needs Reports) Amendment Act, 2018

The *Housing Needs Reports* amendment act requires local governments, unless it is exempted from the requirement, to prepare housing needs reports and establishes legislation regarding information a local government must collect for the purpose of preparing housing needs reports. The legislation stipulates that a local government must collect information on the demand for and supply of housing. Information collected by a local government must include: current and projected population; household income; significant economic sectors; number of housing units available; currently required and anticipated needs. Under the new legislation, a local government must receive a housing needs report at a public meeting no later than three (3) years after the date this legislation comes into force with subsequent housing needs reports no later than five (5) years after the date of the most recent report. The housing needs reports must be published by the local government on an internet site accessible to the public.

The legislation allows for some flexibility in housing needs report requirements. The Lieutenant Governor in Council is able to make regulations exempting a local government or class of local governments from housing needs report requirements, establish different classes of local government, and make different provisions for different local governments. Local governments are also exempted from the requirement to submit a "first" housing report within three (3) years if it adopted an interim housing needs report or substantially started an interim housing needs report.

Moving forward, regional district boards must consider the most recent housing needs report when developing, amending or considering a regional growth strategy. As well, regional district boards and municipal councils must consider the most recent housing needs report when developing an official community plan, amending an official community plan in relation to statements and map designations or when amending an official community plan in relation to housing policies. Some local governments, including the FVRD, already consider this type of information when creating policy documents.

Local Government Statutes (Residential Rental Tenure Zoning) Amendment Act, 2018

The *Residential Rental Tenure Zoning* amendment act, allows local governments to adopt a zoning bylaw limiting the form of tenure to residential rental and allows local governments to limit the form of residential rental tenure in relation to a specified number, portion or percentage of housing units in a building. If approved, local governments will be allowed to use a zoning bylaw to limit the form of residential tenure to rental within a zone where multi-family residential use is permitted. The legislation will allow a local government to zone undeveloped land for multi-family rental tenure and use its discretion to determine the quantity or proportion of rental housing to be developed on that land. As well, the legislation will allow the local government to decide if existing multi-family rental housing that is zoned as rental can be redevelopment for another use.

The principle of non-conforming use applies to the implementation of “residential rental tenure” zoning meaning that if a zoning bylaw limits the form of tenure to rental only, the other form of tenure continues as a non-conforming use. The non-conforming use continues if repair, extension or alteration of the building involves no further contravention of the bylaw, but if the repair, extension or alteration includes the construction of additional housing units, the additional housing units are subject to the new zoning bylaw. The legislation does allow the Lieutenant Governor in Council to make further regulations regarding non-conforming forms of tenure.

A local government’s adoption of the “residential rental tenure” zoning into a zoning bylaw will be optional. Therefore, the “residential rental tenure” zoning is simply a tool that a local government may choose to use to control building residential tenure.

Legislation Implications

The *Housing Needs Reports* amendment act and the *Residential Rental Tenure Zoning* amendment act require local governments to compile and report housing data and provide local governments with an additional tool to promote rental housing. The *Housing Needs Reports* will be a local government requirement whereas the *Residential Rental Tenure Zoning* is an optional tool available to local government to be used at its discretion. The *Housing Needs Reports* can play a beneficial role in local government decision making. Having access to housing needs data can provide local government with justification for implementation of residential rental tenure zoning.

The legislation provides local governments a sense of what is expected, but local governments require further clarity on the specifics of the legislation and regulations.

Clarity on the *Housing Needs Reports* amendment act will especially be helpful as the legislation indicates there is some flexibility in relation to the requirements, but no specifics. For example, more clarity on the requirements for different assigned classes of local governments will help determine the level of analysis required. Smaller and rural communities have access to far less data, such as vacancy rates, than larger urban centres.

The FVRD already analyzes and produces reports on housing data. The FVRD’s regional snapshot series on housing “Housing Demand and Affordability in the Fraser Valley Regional District” is a case in point.

Local governments will have to wait for further clarification on the form and content of the reports but it is anticipated the FVRD is well positioned to meet the requirements.

Clarity regarding the *Residential Rental Tenure Zoning* amendment act and its implementation impacts will need to be fleshed out further prior to local government's implementing such zoning. Impacts such as "down-zoning" properties may have financial implications to property owners looking to redevelop. Rental unit management issues will also arise, as many communities are not set up to manage an inventory of rental stock and it is unlikely BC Housing will step in to assist as they have differing business models.

As with most legislative amendments, unintended consequences play an integral role in how implementation is rolled out. The province will have to provide a best practices guide, or educational series to ensure local governments can implement changes effectively in their communities.

COST

There are no costs associated with this report.

CONCLUSION

The Provincial Government has given Royal Assent to legislation mandating local governments produce housing needs reports and given Third Reading to legislation providing local governments with a tool to adopt zoning bylaw regulations that limits the form of multi-family tenure to residential rental tenure. This is an initial staff report to inform the Board about the legislation. Staff will come back to Board with a follow up report of the specific implications of the legislation for the FVRD once further clarity is provided by the Province.

COMMENTS BY:

Alison Stewart, Manager of Strategic Planning

Reviewed and supported

Barclay Pitkethly, Director of Regional Programs

Reviewed and supported

Mike Veenbaas, Director of Financial Services

No further financial comments.

Paul Gipps, Chief Administrative Officer

Reviewed and supported