

DATE: September 16, 2022**FILE:** 5040-01**TO:** Chair and Directors
Electoral Areas Services CommitteeSupported by James Warren
Deputy Chief Administrative Officer**FROM:** James Warren
Deputy Chief Administrative Officer*J. Warren***RE: Housing Support Opportunities on Hornby and Denman Islands**

Purpose

To provide the Electoral Areas Services Committee with the study prepared to assist the Comox Valley Regional District (CVRD) in considering potential activities to support the development of affordable housing on Hornby and Denman Islands.

Recommendation from the Chief Administrative Officer:

THAT the report attached as Appendix A, entitled Affordable Housing Support and Development Opportunities (on Denman and Hornby Islands), be referred to the Board's 2023 strategic planning process.

Executive Summary

- As part of the 2022 financial planning process the Board resolved to allocate funding from the Functions 154 (Feasibility Studies – Denman Island) and 155 (Feasibility Studies – Hornby Island) to investigate approaches for the CVRD to support the development of affordable and appropriate housing on the Islands.
- Attached as Appendix A is the report entitled Affordable Housing Support and Development Opportunities which has been developed within the context of the 2018 Housing Needs Assessment undertaken by Islands Trust. The assessment identified considerable need for new housing units to meet the needs of the communities as well as the associated issues of unaffordability, unhealthy conditions, insecure tenure and lack of housing options.
- The attached report has incorporated housing initiative profiles and key stakeholder feedback which have assisted in identifying three primary mechanisms the Regional District could consider: capital provision to support the leveraging of required investments; centralized coordination and navigation of the housing system; and education and advocacy within the community and externally.
- The report findings suggest that the provision of capital funding stands out as the most impactful action that could be undertaken. While the establishment of a service to requisition property taxes for this purpose is within the authority of the CVRD, the small number of properties on both Islands and the prevalence of low-income households is reason for caution.
- The findings also suggest that considerable benefit can also be achieved through a coordinated approach for both Islands. Shared coordination could enable the prioritization of projects, the direction of strategy and greater access to the required skills and expertise needed to navigate projects through complex funding and permitting processes.
- Consideration was given to the potential inclusion of the Islands in the existing Comox Valley Homelessness Supports Service (Function 451) but identified potential issues that

may arise respecting equity with the broader service and the ability to present comparable proposals given the unique development factors faced on the Islands.

- Independent of capital funding and dedicated resources for housing coordination and navigation, there still exists opportunities through education and advocacy that could assist in addressing this issue through ‘bottom up’ approaches.
- It is noted that the report is not a feasibility study in the typical sense but serves as a key resource to assist in scoping the range of potential activities and enabling the Board to consider identifying one or more approaches of interest. Depending on the outcome of the Board’s deliberations further analysis may be required, however it is expected this would be concentrated on the specific service arrangements, including legislative and financial, should a formal service be required.
- Given the resources and consideration required in the establishment of new services and programs, staff are recommending that this report be referred to the Board’s strategic planning process in 2023 so it may be considered as part of the corporate-wide plans and strategies.

Prepared by:

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Government and Community Interests Distribution (Upon Agenda Publication)

Hornby Island Housing Society	✓
Denman Housing Association	✓

Attachments: Appendix A – Affordable Housing Support and Development Opportunities




Affordable Housing Support and Development Opportunities

Prepared for the Comox Valley Regional District



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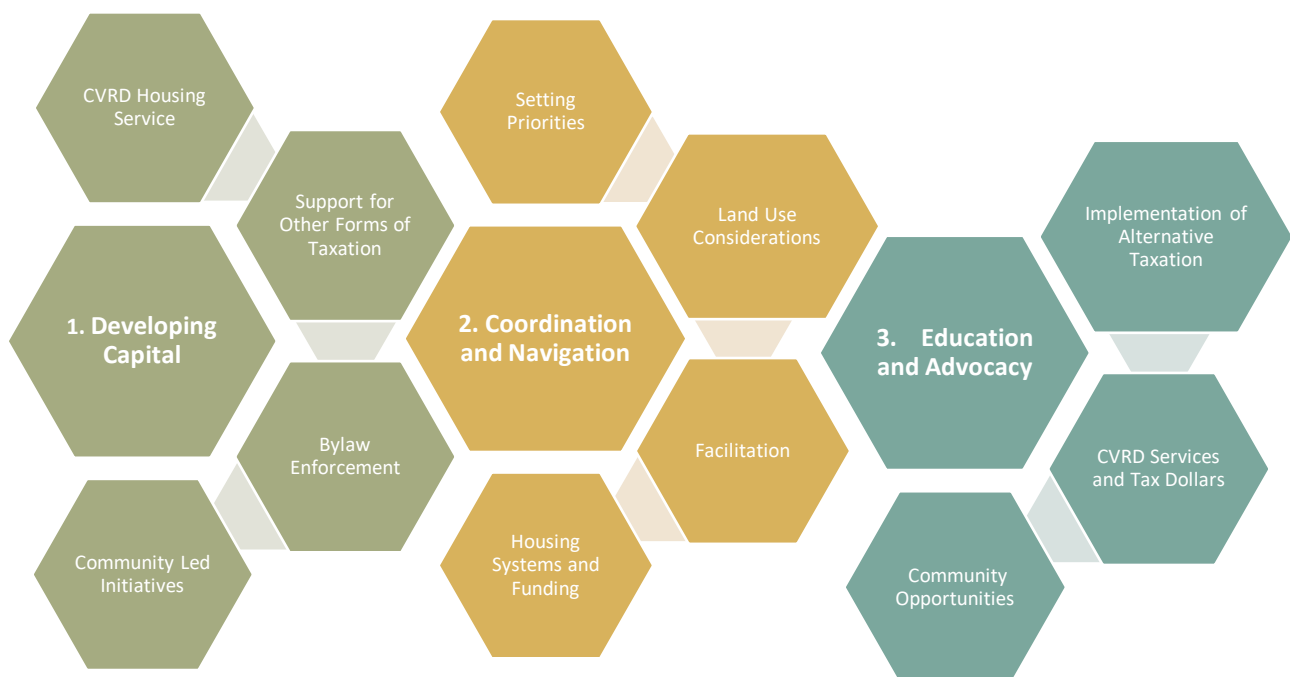
INTRODUCTION

Area A of the Comox Valley Regional District is home to the Islands of Hornby and Denman Islands, only reachable by water or air and like most remote communities have rich community identity. Both Denman and Hornby have small populations of full-time residents, recreational properties, many with families who visit regularly as well as substantial amounts of protected land. Local governance on the Islands is shared between the Comox Valley Regional District and the Islands Trust. The latter jurisdiction's mandate is to preserve and protect the gulf islands for the benefit of residents and BC, providing a planning and land use function to the gulf islands. A key factor in protecting the uniqueness of each Island is the ability to provide housing to residents. While housing policy been strengthened for the Islands the issue remains a growing concern.

Housing priorities were first initiated by community members on Hornby Island to enable older residents to age in place, the Elder Village was opened in 1998 after six years of concerted effort. In the past 25 years housing priorities have remained prevalent in the communities, adding families, young adults, and the seasonal work force to the populations of residents requiring assistance to acquire housing and remain in the Island communities. Hornby and Denman like many rural and remote communities encounter barriers to the development of housing stock.

- Cost of building supplies, transportation, and trades
- Small economy of scale to offset investments
- Limited land availability

In addition to these barriers the Islands, like other gulf island communities, require careful planning for water usage, septic treatment, and new development. This report has been prepared to identify opportunities for the CVRD to support the development of affordable housing on Hornby and Denman. Utilizing information from the Housing Needs Assessments, analyses completed by community members and interviews with key community stakeholders three avenues of assistance have been identified for further exploration.

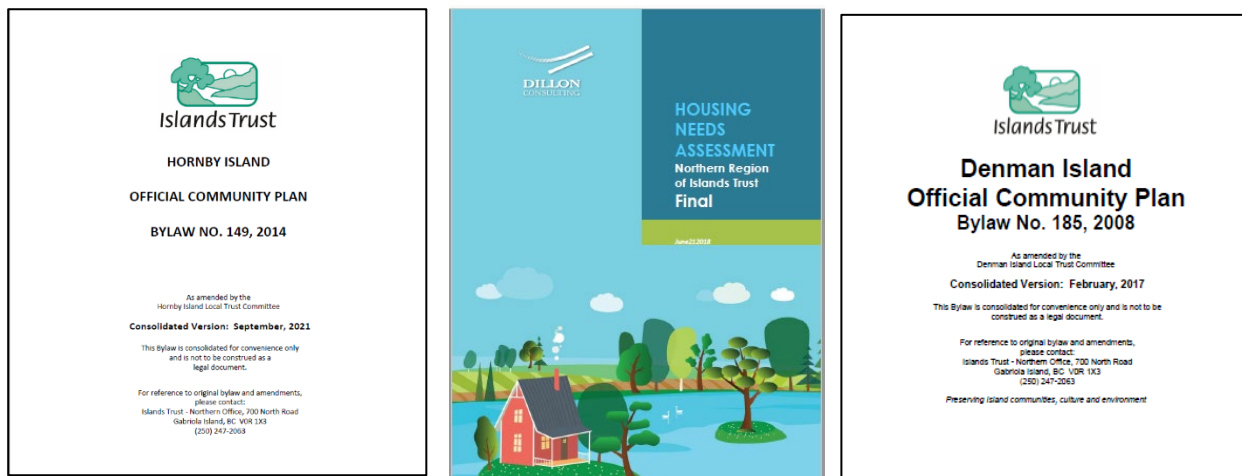


ISLANDS HOUSING ANALYSIS

The Housing Needs Assessment undertaken by Islands Trust in 2018 identified considerable needs around affordable housing on Denman and Hornby Islands. Both Islands have higher than average percentage of residents with moderate to no income, Denman with 38% of the population falling below the low-moderate income levels and Hornby with 41% below low-moderate levels. The 2018 Housing Needs Assessment identified the need for eighty-five units of housing on Hornby and eighty units of housing on Denman to meet the needs of families, young people, elders, and workers in the communities. Since the completion of the 2018 Housing Assessments Islands Trust has strengthened opportunities for affordable housing within the Official Community Plan's of Hornby and Denman and will be examining further amendments to address short term rentals.

While the need is apparent, the development of housing is constrained by a variety of factors and influences in the communities posing challenges even for residents with moderate incomes. To meet these housing priorities, there is a need for multiple interventions to meet the needs in the communities. To source a wider perspective of options which exist to support housing development on the Islands research which outlines barriers faced by rural communities in housing development and local papers providing recommendations for housing development were examined. These resources came together with an analysis of housing initiatives in rural communities that are succeeding at developing units of housing, to formulate recommendation areas and identify key opportunities.

Further research into housing on the islands was conducted through interviews with community stakeholders, funders, Islands Trust as well as Housing Coordinators and Champions from other regions. Three primary areas of opportunity were identified through this information gathering which will be explored below with examples of communities which have employed similar solutions to address housing in their communities.



Thank you to, Islands Trust, BC Housing, Hornby Island Residents and Ratepayers Association, Hornby Island Community Economic Enhancement Corporation, Denman Works, Hornby Island Housing Network, Hornby Denman Community Health Care Society, and interested community stakeholders who provided their valuable input and time towards this project.

CVRD SUPPORT OPPORTUNITIES

Clear interest and concern around issues of housing affordability were identified throughout interviews with key community stakeholders in both communities. Denman and Hornby Islands both have groups of concerned citizens actively engaged and working towards housing solutions in the communities but to date these efforts have not been successful in producing new units. This situation is common in rural communities. A study by New Commons Development titled *Developing Community Owned Housing in Small and Rural Communities* identifies four central barriers which rural communities face in the development of community housing:

- Access to in house expertise for development and operations.
- Housing development work is difficult to manage through volunteer-based groups due to time required, turn over, sustainability and volume of work.
- It is difficult to access external expertise in rural communities due to cost and availability.
- Projects are delayed by the onerous housing development processes and gaps in or lack of funding.

Interviews with BC Housing, Islands Trust and housing consultants combined with review of successful community projects identified three primary mechanisms which could be supported through the CVRD to advance affordable housing on the Islands.

1. Capital funds from the community to leverage further investments and increase sustainability of efforts.
 - These dollars signal buy in from community for funders and assist in offsetting costs of development.
 - Community funding can support a collaborative community effort and strategy development which increases opportunities for success in the development of housing in rural and remote communities.
 - Sustainable funding provides much needed continuity to projects which require time and resources.
2. Centralized coordination and navigation of the housing sector.
 - BC Housing and CMHC are interested in delivering units of housing, the most effective way to engage with these partners is through the development and communication of a common agenda. Housing coordination requires prioritization of projects and efforts to increase economies of scale in rural communities.
 - Affordable housing development requires an understanding of the structural aspects of housing development as well as the funding mechanisms. Skilled housing coordinators have the knowledge of policy, systems and connections with housing stakeholders and funders to facilitate the process in a timely fashion.
3. Education and Advocacy.
 - To provide the number of housing units required community members need to be aware of other short term and private opportunities available to meet the housing demand. Education around allowable uses, renovation grants, alternate water systems, water and septic system maintenance and other housing related topics were noted.
 - Education around harmful narratives regarding affordable housing development. This can be done through communications tools, community forums assist to increase awareness of community challenges, and other activities which promote a Yes In My Back Yard (YIMBY) approach to housing.
 - To leverage community support for capital fund generation education around these opportunities is advised.
 - Advocacy is required to implement new forms of revenue generation as well as secure community support.

1.0 DEVELOPING CAPITAL

Interviews with funders and professionals involved with the development of affordable housing identified the procurement of funds, preferably a sustainable source, as one of the most impactful steps a community can undertake. While it can be challenging in small communities to develop capital, by combining resources and prioritizing projects, funding dollars can go a long way. Local funds can support coordination, site infrastructure as well as leverage additional funding to support the development of projects. Development in Gulf Island communities requires additional considerations around land use, studies for infrastructure such as water licensing, sewer, and other environmental considerations related to housing. These considerations were highlighted as opportunities for local government to provide additional support.

LOCAL FUNDING SUCCESS

In 2015 the CVRD underwent a referendum to develop the Homelessness Support Service which was implemented in all communities but the Islands. Since 2015 this service has produced seventy-five units of housing – leveraging \$19 for every \$1 raised through the service.

Rural communities face barriers to competing for federal and provincial housing development dollars, reducing the amount of competition for local dollars and resources has shown to be a successful strategy to enhance and streamline projects. The development of a strong local strategy and collaborative effort within a community has produced housing units in many rural communities. Opportunities for the CVRD to assist in developing capital for housing on the Islands and considerations related to these activities are highlighted below.

1.1 Development of a Housing Service for Denman and Hornby Islands

- Establishment of a regional district service to requisition funds to initiate collaborative planning, coordination and/or grants for specific projects.
- Considering the unique challenges of rural and remote communities, small populations, and the complex nature of governance on the Islands a Housing Service specific to the Islands would better serve the needs identified than receiving a small portion of the current Homelessness Support Service.
- If included in the current Homelessness Support Service, the Islands would need to be included in the current five-year plan or undertake a housing strategy development for projects in the Island communities. Considerations for equity in rural communities would need to be included to ensure this was an equitable process as Island based projects are less able to compete with urban and urban adjacent community projects due to the cost of development and supplies.
- Ensuring housing funds were dedicated to and planned for by residents would increase effectiveness, buy in, and decrease local competition for small amounts of housing funds and resources.
- A regional service would require taxation to residents, funding would be limited due to low number of properties. Other rural communities have taken a combined revenue source approach and the Islands would be best served by combining efforts to increase coordination and planning ability.
- Applying a similar formula as the current housing service would mean a \$10 - \$20 annual tax increase to moderately assessed homes on the islands.
- An investment in education around this type of housing service, the housing situation and opportunity to dispel harmful myths about housing development should be included in this process.
- Providing a long-term sustainable option for funding will assist to attract further investments.

1.2 Advocacy and Support for Other Forms of Taxation for Housing

1.2.1 Municipal and Regional District Tax

- In 2018 housing became an allowable use for the MRDT and has since been a valuable source of capital for affordable housing in tourism-based communities.
- The MRDT can be accessed by municipalities, regional governments as well as individual electoral areas. Governments which receive this tax are required to effectively manage the administrative costs of projects and ensure funds are applied in intended ways.
- The success of community projects utilizing this opportunity has been tied to a strong strategy and coordination of housing development activities to best identify forms of workforce and affordable housing.

1.2.2 Speculation and Vacancy Tax.

- The Speculation and Vacancy Tax is being implemented under a phased approach. While this tax does not apply to communities only accessible by boat or plane other than Vancouver Island, investigation, and advocacy through the CVRD and Islands Trust could be considered.
- This tax provides money for affordable housing projects and has been effective in putting housing back into the residential housing stock.
- This tax is applied to residential properties, exemptions for this tax apply to properties in which the owner resides and properties with long term tenants, other special circumstances can also be applied which would minimize the impact to multi-generational properties.

1.3 Supporting Other Modes of Funding

1.3.1 Grants for specific housing purposes.

- The CRD has supported housing projects in Southern Gulf Islands through one-time grants to support specific steps and assets required through the Regional Housing Trust Fund for housing development.
- Projects include housing assessments, strategies and hard costs associated with housing developments such as the inclusion of heat pumps in the Salt Spring Commons development.
- Considering the cost of infrastructure in the communities, grants to support water and sewer enhancements to projects could be considered.
- Grant funding would need to be raised through tax requisition, if included in the current Homelessness Support Service Island specific rural equity considerations would need to be built into decision

1.3.2 Bylaw enforcement.

- Islands Trust is currently investigating opportunities to strengthen policy around Short-Term Rentals but does not provide bylaw enforcement to the Island communities.
- Opportunities for the CVRD to support bylaw enforcement can be investigated in conjunction with Island Trust policy development.
- A percentage of funding from bylaw infractions can be utilized towards affordable housing.

1.3.3 Community Fundraising.

- Hornby and Denman Islands have active and engaged groups of residents working towards implementing solutions to affordable housing.
- Private donations, funding drives, and innovative new ways to support housing capital were heard during interviews with community stakeholders.
- Coordination and strategy development support could assist these initiatives to fast-track return on investments which increases a community's ability to garner further support.



ISLAND COMMUNITIES AT WORK – CORTEZ ISLAND

Cortez Community Housing was formed to address community housing needs on the Island. Initiated through the Cortez Island Seniors Society the Community Housing Society was formed to further affordable housing development. The society was successful in leveraging assets to ensure a housing expansion which added four additional units of housing to the existing seniors' residences and moved on to acquire the neighboring property for further development. The housing society has hired an Executive Director to coordinate the process, enlisted the services of a Housing Development Consultant and is moving steadily towards its goal for the Rainbow Ridge affordable housing project. The society has been able to navigate the housing development process in the Northern Gulf Islands to ensure applications for roads and storm water plans as well as water licences are completed in advance of development applications. The society has been successful in leveraging private donations to apply for further funds required in the plan development process and are on the path to a shovel ready plan developed within the year.

2.0 COORDINATION AND NAVIGATION

Affordable housing is a priority throughout British Columbia and the country, to move forward with housing projects communities must position themselves in a way which is attractive to funders. Sustainable coordination and navigation of the housing development system are critical to the success of project implementation. Research and interviews demonstrate that rural communities which have been successful moving forward housing projects have resourced coordination positions to develop a housing strategy, provide communications support, education, and consistency to housing development projects. While communities have taken different approaches to ensure consistent coordination those that invest in coordination have seen efforts pay off in a matter of years.

For investments in this role to be effective, research and conversations with housing consultants identified the power of regional coordination for remote communities. Shared coordination for Hornby and Denman would increase ability to prioritize projects, direct strategy, and other opportunities to address housing, this would also allow for more resources available to employ experts when required. Key activities required for coordination on the Islands are listed below, opportunities exist for the CVRD to fund these activities in part or through the development of an Island specific service.

2.1 Development of a Housing Strategy

- To meet the identified housing needs on the Islands a clear strategy of how to develop units is required to streamline processes and reduce duplication.
- The housing strategy can include seasonal/temporary housing, affordable housing, market housing and opportunities to enhance the current housing stock.
- A housing strategy prioritizes projects and paths to success, providing clear opportunities for current community housing groups to participate and support.

2.2 Sustained Coordination

- An organization or position to direct implementation of a housing strategy.
- This provides communities with a central point of contact for project management, communication, and education as well as relationship development with housing development stakeholders.
- Coordination can assist in providing direction, support, and education to meet housing needs through secondary suites, temporary use permits and other opportunities.

2.3 Systems Navigation

- Housing development requires numerous plans, studies, permits and licences in place for a project to be shovel ready and attractive to potential funders.
- Gulf Island communities face increased challenges and cost in this process due to water and sewer considerations as well as the overall cost of development in remote communities.
- Delays to the housing planning process deter future investments.
- Rural communities, including several Gulf Island communities are seeing success in housing development by employing a housing development consultant. This investment in coordination takes projects from concept to shovel ready plans which can attract further investments.
- If implemented a housing coordinator could assist in identifying opportunities and navigating the land development policy for implementation of other forms of housing to assist in meeting housing needs on the Islands.

HOUSING COORDINATION IN OTHER COMMUNITIES

CAMPBELL RIVER – The City of Campbell River is in the process of hiring for a Senior Planning Position responsible for the coordination housing projects across the housing spectrum in the community.

CORTEZ ISLAND – Cortez Community Housing Society is a non profit supported by an Executive Director, they also employ a Housing Development Consultant, and Housing Administrator.

TOFINO – The Tofino Housing Corporation is an entity owned by the Municipality; they have hired an Interim Executive Director who is a Housing Development Consultant to spearhead their housing development and have an active development partnership with Catalyst Housing Group.

KASLO – The Kaslo Housing Society is moving forward with a 10-unit affordable housing project after a decade of unfunded proposals. The Village partnered with New Commons Development to provide housing development support, capital development and systems navigation.

3.0 EDUCATION AND ADVOCACY

The final area of activities which the CVRD could support to further the development of housing on the Islands is education and advocacy. Education and advocacy activities are crucial to attaining support for capital development and coordination activities, some opportunities are available to support work in the communities independent of capital funding and coordination decisions.

3.1 Community Education

3.1.1 Education to support fund development and coordination.

- Education to build consensus and community support for a housing strategy, coordination and funding mechanisms as noted above.
- Opportunities to provide increased information to residents around CVRD taxes and services provided.

3.1.2 Education of housing opportunities and realities on Hornby and Denman Islands.

- Support community housing dialogs and communication tools to increase awareness of housing situation across the communities.

- Support residents and community organizations in identification of opportunities which support the full spectrum of housing needs.
- Collaborate with Islands Trust to increase resident knowledge of possibilities in private properties, through Temporary Use Permits and other mechanisms available.
- Support to residents around rainwater catchment systems and approval processes, septic maintenance and other infrastructure related topics were identified by community stakeholders.

3.2 Advocacy for Housing

- Advocacy for capital fund development, in community and/or to the province depending on selection of funding mechanisms.
- Advocacy and support for specific projects when shovel ready plans are produced.
- Advocacy for homeowner renovation and retro fit grants to supplement aging housing supply.

CAPITAL, COORDINATION, EDUCATION AND ADVOCACY AT WORK

The Tofino Housing Corporation is owned by the District of Tofino for the purpose of developing safe and affordable housing in the small rural municipality with a population of approximately 2000 people.

- Utilizing capital investments from the community in the form of provision of free land, contribution of amenity and capital reserves, use of tax revenues from AirBnB/VRBO and Development Cost Charge waivers.
- The Corporation has hired a housing consultant, providing education to community and council around affordable housing as well as navigation of the housing system, linkages to industry and coordination of projects
- To date the Corporation has moved the community towards a YMIBY (Yes In My Back Yard) and developed fourteen units which are occupied, has thirty-two units under construction and another thirty-seven which are planned.



CONCLUSION

Developing affordable housing is a top priority for many communities in British Columbia making the housing development market a competitive one. While rural communities face additional barriers to the development of affordable housing those that have been successful in producing units share a few common traits.

- The ability to generate capital to fund coordination and capital costs.
- Coordination and navigation of the housing system to ensure an effective development process with limited time delays.
- Community buy-in through education and support of elected officials for advocacy.

Clear opportunities for the Comox Valley Regional District exist to support this work and residents on Denman and Hornby Islands. To begin to address the identified need of 165 housing units in a region with less than 2500 residents is large task but residents have shown interest and creativity. Through collaboration, prioritization and leveraging collective community assets other rural communities, including gulf islands, have made headway in developing affordable housing projects and implementing creative solutions to address community needs.