

**Date:** October 3, 2013

**File No.:** 6500-20 (Denman Housing)

**To:** Denman Island Local Trust Committee  
For meeting of October 22, 2013

**From:** Rob Milne, RPP, M.C.I.P.  
Island Planner  
Local Planning Services

**RE: Denman Housing Needs Summary Report of August 25<sup>th</sup> Community Information Meeting**

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## **PROBLEM / ISSUE:**

To identify, through public consultation, a number of key objectives that will inform the review of housing policies in addressing the evolving housing needs of Denman Island.

## **BACKGROUND:**

The Islands Trust Policy Statement (2003) submits that “Most [island residents] feel strongly that people of differing age groups and income levels should continue to have the opportunity to reside in island communities” and that “local trust committees and island municipalities shall...address their community’s current and projected housing requirements...”

This project has been initiated by the Denman Island Local Trust Committee (LTC) pursuant to the Islands Trust Council 2008-2011 Strategic Plan objective 4.3 “Use land use planning tools and decisions to improve the availability of affordable/accessible/appropriate housing”.

At their May 8, 2013 meeting the LTC directed staff to “...prepare a proposal for two community meetings about housing needs strategies including proposals for format and communications”. This direction to staff could be considered to be the culmination of a number of initiatives which include the 2002-2003 housing review by the Accessory Dwelling Advisory Committee, the 2007-2008 Advisory Planning Commission review where the LTC directed the APC to review “...current housing options found in the OCP and assess their adequacy with regards to affordability” and a 2008 OCP review. None of these initiatives resulted in increased housing opportunities. The project charter for this current initiative is attached to this report as Appendix 3.

A 2008 ‘Housing needs on Hornby and Denman Island’ report identified “at least 26 renter households and about 42 elder households on Denman Island are living in housing which is unacceptable according to nationally established standards.” The report also highlights that 13.5 percent of households are in housing need with affordability of owning/renting a home as the main barrier. A narrowing age demographic towards older residents, a lack of rental options,

and a deficiency of housing models able to accommodate a growing senior population also arose as common themes.

The Denman Local Trust Committee identified affordable housing need as the primary driver for this consultation process, but recognizes that any policy options must be amenable to the community, suited to the Denman Island context, and effective within the jurisdictional framework of the Local Trust Committee.

The issue of additional density on the island has been identified as a critical and challenging question within the community. The Denman Island Official Community Plan (Part E.1 - Housing) states that density should be determined through environmental limits and existing zoning regulations, but that housing should also accommodate diversity (See attached Appendix 1).

To that end a community information meeting was organized for and held on August 25, 2013. The overarching goals of that meeting and the process were:

- To achieve broad and meaningful community participation
- To create a dialogue between the Local Trust Committee and the community whereby community needs and concerns can be effectively addressed
- To facilitate a dialogue where appropriate policy solutions can be evaluated in the local context
- To effectively focus and record dialogue so that it may inform the development of land use bylaws

**Scope**

The Local Trust Committee members in consultation with staff established the scope of the consultation process as follows below. The intent being that items not “in-scope” would not be addressed as part of this consultation process in order to keep the discussion focused upon approaches and solutions which were considered to be acceptable to the community based upon previous community input.

<b>In Scope</b>	<b>Out of Scope</b>
<ul style="list-style-type: none"> <li>▪ Secondary suites and/or cottages – including visitor accommodation</li> <li>▪ Relevant density and population growth concerns</li> <li>▪ Desirable demographic diversity</li> <li>▪ Long-term economic sustainability</li> <li>▪ Affordable Housing Agreements</li> <li>▪ Multi-unit projects (i.e. co-housing or senior housing)</li> <li>▪ Reviewing definition of a dwelling unit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Density bank</li> <li>▪ Density transfer</li> <li>▪ Short-term vacation rentals</li> <li>▪ Bed and Breakfast accommodations</li> </ul>

**Discussion Topic Selection**

The purpose of the August 25<sup>th</sup> meeting was to provide an opportunity where Island residents could come together to share their housing challenges and identify a variety of possible options and solutions for further discussion. To achieve this, the meeting opened with a facilitated

session where potentially actionable ideas were gathered from the approximately 50 attendees and placed upon a flip chart. The suggestions collected were:

- Secondary suites
- Density transfer
- Accessory dwellings
- Lot coverage
- Mortgage helpers
- Room rentals
- Sustainable affordability mechanisms
- Elder housing
- Mobile/temporary housing
- Farm worker housing
- Shared land ownership

The participants were then asked to partake in a “dotmocracy” exercise and place each of the three adhesive stickers they had received beside what they felt to be the best potential options for affordable housing solutions. Through this selection process the community members identified five options for further discussion. These were:

- Secondary Suites
- Accessory dwellings
- Sustainable affordability mechanisms
- Moveable housing
- Room rentals

A group of five facilitators comprised of the three Trustees and two Islands Trust staff members then facilitated a discussion of a specific topic listed above with each of the five tables of residents. The discussions took the form of a “SWOT” analysis wherein the strengths, weaknesses, opportunities and threats of each option was explored by those at the table. Upon completion of that process each of the facilitators presented the comments received from all five tables on their specific topic in a plenary session.

After the presentations by the facilitators and some brief questions the attendees were asked to once more place each of three new stickers they were given upon what they felt to be the best options for workable solutions during the refreshment break. After the resumption of the meeting the results were reviewed and there was general consensus that three of the five options were decisively identified as the preferred options for further exploration. These were secondary suites, accessory dwellings and sustainable affordability mechanisms. The community input on these options is discussed in the following section.

### **Synthesis of Options Input**

It should be noted that a full transcript of the comments received from the attendees is attached as Appendix ‘2’ to this report. The follow synthesis of the three options selected by the attendees is provided for convenience and is intended to act as an aid in understanding the comments received. The synthesis is not intended to address every comment made but rather provide a broad generalization or overview of the comments received.

## **Secondary suites**

### Strengths

The comments received under this section indicate that the attendees felt quite strongly that this option did support affordable housing with a particular emphasis on its potential for elder housing and intergenerational living. It was also felt to be less onerous both financially and in terms of its impact upon the ground as it does not necessarily require additional onsite structures or infrastructure such as additional driveways and clearing of a property. Other positive aspects noted were that the landlord would be living on the property and that secondary suites were already permitted within the ALR and that they were very “doable” in the short term.

### Weaknesses

It was noted that there was no way to guarantee that units would be used for affordable housing if permitted and that there was no guarantee that the landlord would be living on the property. Concerns were noted that it would increase density and might also be used as seasonal housing only.

### Opportunities

A number of comments in this section noted that suites could be regulated to address a variety of concerns such as ensuring use for affordable housing as well limiting the use to certain (geographic) areas with controls on lots sizes and conditions as well as servicing standards. It was also noted that permitting suites could allow for the legalization of currently illegal suites subject to their being brought up to a better standard.

### Threats

A number of potential threats resulting from allowing suites were identified by the participants. These included pushing up real estate prices and property taxes as well producing too much population growth. The impacts of population growth were seen as more cars, noise, environmental impacts and threats to safety and security.

### Analysis

The use of secondary suites as a part of the solution to the issue of affordable housing appears to be very strongly supported. This may be largely due to a shared belief that developing a suite involves the least amount of impact financially, as well as physically, given that a suite would be contained within an existing structure and there would be little need for additional external infrastructure. Other potential benefits such as the support for ageing in place (intergenerational living) and rental income were also noted favourably. This option was also seen as an avenue towards the potential legalization of existing suites.

Notwithstanding the notable level of support for secondary suites concerns were noted with respect to the ability to ensure that any suites created or approved were in fact affordable and not used as seasonal housing. As well, some concern was expressed about the impacts of population growth that might occur as the result of additional housing.

### Implementation Factors

There are a number of issues that would need to be addressed in order to allow the implementation of secondary suites. First and foremost is the fact that the current Denman Island LUB does not acknowledge or permit them. Changing this would require the inclusion of a definition of a secondary suite within the bylaw as well as developing guidelines on where and under what conditions secondary suites would be permitted. This would likely involve further public consultation.

It should be noted that secondary suites are regulated under the BC Building Code which provides direction as to the building and servicing standards for their construction and occupancy. The issue of servicing also includes appropriate septic disposal and potable water supply. Inspecting for Code compliance is problematic due to the fact that building inspection services are not currently available on Denman Island.

Another important issue identified by the residents is the desire to ensure the continued affordability of any suites which are supported through amendments to the LUB. At this point in time Denman Island's only experience with mechanisms to ensure ongoing affordability is with a housing agreement which was entered into by the LTC pursuant to Section 905 of the *Local Government Act*.

## **Accessory Dwellings**

### Strengths

A number of social benefits such as ageing in place, elder housing opportunities and keeping families together were noted, as well as the potential for keeping schools open by the retention of young families on the island. A number of financial benefits such as helping to subsidize mortgages, less expensive rental opportunities, land sharing and the potential for legalizing currently illegal residences were also noted. A strength was also seen as the provision of more diversity for rental choices as well as more rental units.

### Weaknesses

Concern was expressed regarding impacts upon land and water resources through over-densification as well the potential difficulty in regulating accessory dwellings. As well, there was concern about ensuring affordability and possible increases in land values.

### Opportunities

Opportunities identified reflected a number of the "Strengths" which were suggested such as rental affordability, generational mix, ageing in place, the benefits of legalization and innovation.

### Threats

Concerns mentioned include over-crowding, suburbanization and impacts on neighbours. Also mentioned were concerns about special interest groups, i.e.- well funded individuals or organizations, taking advantage of new housing opportunities as well as poor current regulations.

### Analysis

Similarly to secondary suites there seemed to be a notable level of support for accessory dwellings for many of the same reasons such as the social benefits of ageing in place and intergenerational living, as well as the potential benefits of subsidizing a mortgage through rental incomes. An additional benefit was seen in the potential for land sharing through joint land ownership and, as with secondary suites, support for additional accessory dwellings was seen as a possible route to the legalization of existing non-conforming residences. A more permissive approach to the allowance of accessory dwellings was also seen as a way to provide a wider diversity of housing options on the Island.

As is the case with secondary suites there are concerns related to the potential impacts of further "densification" of the Island. These concerns relate to impacts upon land and water resources and increasing land values which could affect residents' ability to purchase homes.

There was also an expressed concern about the potential suburbanization of Denman Island and the ability to ensure that any new accessory residences remained affordable.

### Implementation Factors

Unlike secondary suites an accessory dwelling is a stand-alone structure and as such it is required to be built from the ground up involving considerably more expenses potentially including a new septic field and some form of driveway access. A challenge with this option may be in motivating a homeowner to go through this expense on the basis of long term ongoing rent controls intended to ensure affordability, in the absence of some form of incentive.

If community support for additional accessory dwellings is contingent upon ensuring their ongoing affordability through some form of rent controls there will be a need to further explore the use of housing agreements and other possible options to make the process as uncomplicated and accessible as possible.

It should be noted that the Denman Island LUB currently allows what could be described as accessory dwellings in the "Resource" zones, based upon an allowance for an additional unit for a defined unit parcel area without a requirement that they be "affordable". As well, accessory dwellings have previously been permitted but in the 1990's the land use bylaw was amended to not allow them.

## **Sustainable Affordability Mechanisms**

### Strengths

This option was seen as an opportunity to protect renters and to ensure affordability over time possibly through the use of rent controls or agreements held by a Land Trust and the establishment of a definition of affordability such as rent = <30% of income. It was also seen as a less bureaucratic way to create and allow supply and encourage the use of co-op's and co-housing.

### Weaknesses

A number of shortcomings were suggested in relationship to this option. They include the possible difficulty in enacting housing agreements, the lack of a [Islands Trust] housing authority and limited buy-in from property owners. It was also suggested that this approach did not address the issue of the currently inadequate housing supply and the potential cost of administering the agreements. It was also noted that it was difficult to understand how the various possible mechanisms work.

### Opportunities

Opportunities were seen as the potential for creating a Denman Housing Authority as well as collaborating with BC Housing. Similar to other options it was also seen as an opportunity to take advantage of existing units [existing non-conforming].

### Threats

Stated concerns related to possible difficulty in enforcing agreements as well as a lack of political will to implement agreements. Also mentioned was that the process might be too onerous, affecting buy-in as well as potential unforeseen consequences.

## Analysis

Although there was support for the approach that any new housing opportunities be, and remain, affordable the issue of affordability mechanisms was identified as having some significant “weaknesses” and “threats”. These related largely to the perceived challenges of implementing and enforcing agreements to ensure affordability. It was noted that the Islands Trust does not currently have a housing authority therefore requiring the participation of a third party such as a non-profit society to enable the process and monitor compliance. It was also noted that these mechanisms did not, of themselves, create any new housing and might in fact hinder the potential supply due to the lack of buy-in from property owners given that the rental rate for housing on their property would not be under their control.

On the positive side a process to put in place an agreement which established rent controls was seen as an opportunity to protect renters. Overall this discussion and process was seen as an opportunity to explore the creation of a Denman Island Housing Authority and possibly collaborate with BC Housing.

## Implementation Factors

The Islands Trust does not currently possess the resources to act as a housing authority to aid in the implementation of housing agreements for affordable housing or monitor such agreements for compliance. In the absence of this organizational capacity there is currently a need to look for third party assistance such as the Denman Housing authority to fill that role.

As well, the discussions on housing needs have focused upon the concept of affordability and the need to ensure affordability in the long term. This was a consistent theme in community feedback when discussing options to address the lack of housing. However, the community has yet to define what affordability means in the Denman Island context. Based upon the feedback from the community at the August 25<sup>th</sup> meeting it will be necessary to achieve a consensus on the definition of “affordability” in order to successfully address the issue of housing.

## **ISSUES DISCUSSION:**

### **Roadblocks To Success**

#### **Affordability**

One of the central themes heard at the August 25<sup>th</sup> meeting is that any housing units permitted through zoning approvals for secondary suites or accessory dwellings should be affordable and their ongoing affordability ensured through a mechanism such as a housing agreement as is permitted through Section 905 of the *Local Government Act*. However, as noted above, the community has yet to fully define what affordability means in the Denman Island context. It should be noted that Appendix “D” of the Denman Island OCP does provide a definition of affordable housing in the context of density banking where Policy 2 states:

*For the purpose of the density bank, affordable housing means adequate, suitable housing that is available to meet a continuum of needs including housing for the homeless and/or special needs; housing for those at risk of homelessness; housing with rental assistance; and entry level ownership opportunities.*

This definition takes a broader approach to the concept of affordable housing and does not see all affordable housing as being rent controlled.

Given that the definition of “affordability” can be contextual (i.e., Vancouver vs. Nanaimo vs. Denman Island) there is a need to develop clarity on what affordability means to Denman Island residents. Does it include the broader interpretation provided in the “Density Banking” guidelines or is limited to the apparent desire that surfaced at the August 25<sup>th</sup> meeting that all affordable housing be rent controlled? This step is important as the definition, and its consequences, should be clear and transparent rather than a moving target for those applying for the approvals necessary to develop a secondary suite or accessory dwelling. It also provides certainty to the community as to the nature of housing units that are being created, as well as the probable financial feasibility for those who are considering creating such a dwelling unit.

As was also noted earlier in this report one threat identified in the Sustainable Affordability Mechanisms discussions was that these mechanisms did not, of themselves, create any new housing and might in fact hinder the potential affordable housing supply due to the lack of buy-in from property owners given that the rental rate for housing on their property would not be under their ongoing control.

Although seemingly clearly implied by those attending the August 25<sup>th</sup> meeting the actual question as to whether all new housing in the form of secondary suites and accessory dwellings should be the subject of a rental or other agreement was not asked as a direct question. Housing Objective 3, which limits housing density to that currently permitted by the land use bylaw and Policy 11, which provides for an allowance of a 5% increase in the residential density for special needs and affordable housing make achieving clarity on the definition of “affordable” an important step.

## **Housing Standards**

The 2008 *‘Housing Needs on Hornby and Denman Island’* report identified “at least 26 renter households and about 42 elder households on Denman Island are living in housing which is unacceptable according to nationally established standards.” There is need to ensure that any affordable housing approvals do not result in sub-standard housing. This is made more difficult by the lack of building inspection services on Denman Island.

## **Legalization and Servicing**

Denman and Hornby Islands are two of only three Islands within the Islands Trust where building inspection services are not available. Building inspection is typically mandatory in those areas where the service is available. The building inspection process has as its ultimate goal ensuring the protection of public health and safety. As such the building inspection process is intended to safeguard that all structures meet the *minimum* approvable standard of the BC Building Code. This includes all elements of construction from the foundation up as well as the quality of materials used in the construction and servicing of the structure. The inspection process is also intended to ensure that structures, particularly those used for human habitation, have appropriate services such as potable water and are connected to an approved septic waste disposal system depending upon their use.

It is important to consider this matter thoughtfully as it was suggested several times at the August 25<sup>th</sup> meeting that increased permissibility of secondary suites and accessory dwellings could provide a pathway to legalize currently non-conforming dwelling units. As noted in the preceding section it has already been established that a significant number of Island residents are living in sub-standards housing. Any such legalization for affordable housing such as has been suggested should require verification that all such dwelling units are brought up to acceptable construction and servicing standards.

## **Mechanisms and Controls**

As discussed above one of the topic areas that those attending the August 25<sup>th</sup> meeting identified for further community review and discussion was that of sustainable affordability mechanisms. The intent of the suggested mechanisms would be to ensure the ongoing affordability of housing possibly through the use of rent controls. The only mechanism that the Denman Island Local Trust Committee and Island residents have had exposure to to date is that of a housing agreement pursuant to Section 905 of the LGA.

Housing agreements implemented under this section may include terms and conditions regarding the occupancy of housing units such as:

- The form of tenure
- The availability of housing units to classes of persons
- The administration and management of the housing units
- Rents and lease, sale or share prices that may be charged and the rates at which these may be increased over time, in accordance with a formula specified in the agreement.

A housing agreement cannot vary the use of density of a property and may only be amended by bylaw adopted with the consent of the owner.

One of the issues associated with the use of housing agreements is that the Islands Trust does not presently have a housing authority to monitor or manage and enforce them. In the absence of this ability these responsibilities must be borne by a non-profit society who is prepared to take up that responsibility. In the Denman Island example the Denman Community Land Trust Association (DCLTA) has spearheaded a site specific affordable housing initiative and serves in that role. In other words it is a community based initiative supported by the local community and the Local Trust Committee through the bylaw approval process.

At such time as that housing agreement comes into practical use with the completion and rental of the affordable housing unit there will be three parties involved with different roles and responsibilities. This would be typical for any affordable housing agreement utilized by the Denman Island Local Trust Committee to enable affordable housing.

1. The renter who will be responsible for paying their rent on time and abiding to the terms of their rental agreement;
2. The DCLTA (non-profit) who will be responsible for:
  - a. Selecting tenants based upon the criteria identified within the housing agreement;
  - b. Ensuring the tenant abides by the terms of their rental agreement;
  - c. Submitting an annual statutory declaration verifying that the housing unit was occupied by an appropriate tenant and used in compliance with the housing agreement;
  - d. Acting as a property manager; and
  - e. Acting as first contact for any complaints related to the use of the affordable housing unit.
3. The Denman Island Local Trust Committee who shall:
  - a. Monitor and ensure the DCLTA fulfills their obligations as laid out within the housing agreement; and
  - b. Delegate or assign the administration and management of this Agreement to a third party

It should be noted that should the DCLTA, for whatever reasons, cease to exist or cease to fulfill its obligations under the housing agreement, or should the owner of the affordable housing property choose to ignore the conditions of the housing agreement which is registered on title the Islands Trust would assume both for the responsibility for fulfilling the duties of the DCLTA until such time another third party agrees to take that role and for the costs associated with enforcing property owner compliance with the provisions of the housing agreement.

At the time of the writing of this report staff remained unable to identify any additional mechanisms to be utilized in the implementation of affordable housing. It should be noted that the Salt Spring Island LTC which is currently undertaking an initiative to legalize secondary suites decided, after extensive consultation with residents and the Capital Regional District, that using housing agreements was not a practical approach to creating opportunities for rental housing. As well, Mayne Island is moving towards the legalization of secondary suites.

## OFFICIAL COMMUNITY PLAN AND LAND USE BYLAW

### Official Community Plan

Relevant sections of the Denman Island OCP are attached to this report as Appendix '1'. These include the four housing objectives identified in Section E.1 "Housing", and a number of relevant policies from the same section as well as the two policies contained within the "Development Approval Information" policy section of E.4 "Resources". Also included is information from Appendix "D", "Density Banking".

#### Housing Objectives

*Objective 3*      **To set the maximum for the overall residential density of the Island as the residential density possible with the zoning regulations in place at the time of adoption of this Plan while providing flexibility for a range of dwelling types**

#### Use and Density

*Policy 11*      The overall residential density on Denman Island should generally not increase beyond that permitted by existing zoning on the date this Plan was adopted except that an increase of approximately 5 percent may be permitted to accommodate zoning amendments for special needs and affordable housing, including secondary dwelling units pursuant to Policy 16 or site-specific zoning amendment applications under Policy 29 of this Section.

#### Special Needs and Affordable Housing

*Policy 16*      The Local Trust Committee should consider zoning amendment applications for site-specific zoning to allow small secondary dwelling units or secondary suites on lots of two hectare or more that are in the Rural or Sustainable Resource designation provided proof of adequate water is provided.

*Policy 19*      The Local Trust Committee should review the policies in this section once the final report is available for the Hornby and Denman Island Housing Needs Assessment, with a view to determining whether further opportunities for affordable housing are needed and what form any such opportunities should take.

A review of the housing objectives and policies shows them to be generally supportive of the provision of affordable and special needs housing. However, Objective 3, shown above, does

place constraints on the ability to create other residential housing beyond what is currently permitted by the present land use bylaw.

That objective is moderated by Policy 16 which allows that the LTC can give consideration to zoning amendments for the purpose of creating special needs or affordable housing and Policy 11 which allows for a 5% increase beyond the currently permitted density for special needs and affordable housing.

This aligns with the comments received from residents at the August 25<sup>th</sup> CIM. However, a consequence of the objective and policies is that in order for the LTC to consider legalization of existing non-conforming secondary suites or secondary residences on properties whose zoning does not currently allow an additional residence a site specific rezoning application would be required. Any consideration of such an application should consider as to whether the structure under application meets or is capable of meeting the minimum acceptable standard for residential use.

It should be further noted that the review of housing policies identified in Policy 19 has not been undertaken subsequent to the 2008 completion of the *Housing Needs on Hornby and Denman Island* study.

## Zoning Bylaw

A land use bylaw is the regulatory tool used to both implement and regulate the community vision established in an official community plan (OCP). As such the land use bylaw must contain the appropriate definitions and zoning regulations that will be required to allow secondary suites and accessory residences in accordance with the outcomes arrived at through the current or future public consultation processes and do so with clarity. It must also provide clear definitions for all other residential and other non-residential uses so as to allow the community to clearly understand what is and is not permitted in a zone and the specific conditions of use under which they are permitted. In the absence of this clarity of language a land use bylaw can become ineffective and create unnecessary confusion and frustration.

The *Denman Island Land Use Bylaw, 2008* currently uses six different terms to describe residential uses in its various regulations and land use zones. However, only one of them, *dwelling unit*, is defined in the bylaw. This makes it difficult for residents, and anyone else, to know exactly what might be permitted on a property where these are listed.

How, for instance, is a cabin different from an accessory dwelling unit? For that matter what is an accessory dwelling unit and how is it different from a single family unit and what is the definition of family? On the other hand the land use bylaw does include definitions for “secondary dwelling unit” and “secondary suite” which are not otherwise mentioned in the land use bylaw. The definitions for these uses which are the subject of the current public consultation process are as follow:

**Secondary [Accessory] dwelling unit** means an accessory dwelling unit or secondary suite that is limited in floor area;

**Secondary suite** means an accessory dwelling unit that is located in the same building as the principal dwelling unit;

It is strongly suggested that the current lack of residential use definitions be addressed and the two definitions shown above revisited upon the completion of the public consultation process. It is also suggested that any regulations for the various residential uses be reviewed at a point in the future to ensure their clarity and intent.

The OCP policies do advise that small secondary dwelling units or secondary suites should only be considered for lots of two hectare or more that are in the Rural or Sustainable Resource designation provided proof of adequate water is provided. However, the land use bylaw does not currently provide any regulatory guidance with respect to the development of affordable housing. Such matters as height, floor areas, parking requirements, and the permissibility of home occupations are not currently addressed. It is strongly suggested that consideration be given to these matters to establish a set of consistent criteria going forward.

## **SUMMARY:**

The August 25<sup>th</sup> community information meeting was intended to provide an opportunity to take concrete steps in addressing the need for affordable housing on Denman Island without duplicating past initiatives. The meeting was ultimately successful in providing an opportunity both in identifying options as well narrowing the initial 11 suggested options down to a final three that were chosen by the attendees as being worthy of further consideration and exploration as viable solutions. It should be recognized, however, that some attendees expressed dissatisfaction that short term rentals and B&Bs were not accepted as topics for consideration as a solution to the issue and some of those left shortly after the first portion of the meeting.

Of the three options two dealt with the actual housing form and the third dealt with the issue of mechanisms to ensure long term, ongoing affordability. As noted in the review above there are related matters that need be addressed as part of moving the process forward.

Firstly, there appeared to be tacit understanding or acceptance that any housing opportunities should be approved subject to the use of a tool such as a housing agreement to ensure the long term affordability of the dwelling unit created through rent controls. The commitment to this approach should be confirmed to avoid confusion at a later point in the process. Also given that “affordability” will be one of the most important factors when consider approval of rezoning applications for the purpose of creating affordable housing there will be a need to determine what affordability means in the Denman Island context should this become a required condition of approval.

It should also be noted that at the time of writing this report staff had not been able to identify any other tools aside from the previously discussed Section 905, LGA, housing agreement. In discussions with Islands Trust planning staff in the southern office it was observed that the Salt Spring Island LTC after much public deliberation and consultation with the Capital Regional District decided it was not a practical approach to creating opportunities for rental housing and are not making that a condition of approval for secondary suites. This decision was influenced by the significant amount of resources, financial and otherwise, required in developing housing agreements and securing third parties to monitor and administer the agreements. (It was also recognized that the deed restricted, rent control approach was unlikely to generate the necessary by-in to make this an effective approach to encouraging affordable housing). The Islands Trust does not currently have the capacity to monitor and administer housing agreements and staff has confirmed that the Comox Valley Regional District has no experience or detectable interest in doing so.

In terms of process, and assuming the need for a housing agreement and the presence of a third party non-profit entity which is prepared to sponsor and or administer an affordable housing project through a housing agreement, there will be a number of process steps required.

The steps, in general would be:

1. Identification of an appropriate subject property that is verified as being capable of being adequately serviced both with septic disposal and potable water;
2. Establishing third party sponsorship to monitor and administer the housing agreement;
3. Development of the terms of the rental agreement and plans for the rental accommodation in consultation with Islands Trust staff;
4. Hold a public open house to allow for community review and feedback; and
5. Incorporate feedback as appropriate and submit a “complete” rezoning application with background materials that document the previous steps.

## CONCLUSIONS

Given the objectives and policy direction provided by the OCP the options available for creating affordable housing are presently very limited in scope and if the accepted definition of “affordability” forces the need for housing agreements success in this endeavor will be dependent upon finding third parties prepared to be signatories to those agreements and property owners who are prepared commit to the process financially. Given the direction being taken in other Local Trust Areas in moving away from requiring housing agreements in the creation of some housing opportunities it is not clear that this path alone will provide the necessary solution to the issue of housing needs on Denman Island. Given the foregoing there are a number of actions that should be considered in the context of facilitating affordable housing options on Denman Island.

- Work with the community to confirm an appropriate definition of affordability to guide the implementation of affordable housing.
- Determine the role of affordability in the creation of housing opportunities.
- Give consideration to an appropriate set of conditions of use for secondary suites and secondary dwelling units.
- Review the land use bylaw definitions of secondary or accessory dwelling units and secondary suites.
- Consider a review of the various definitions currently used in the land use bylaw in association with housing.
- Consider the approach that secondary suites contained within permitted dwelling units are not considered as contributing to the overall density permitted by the land use bylaw.

Addressing these issues will assist in identifying viable options that have a real chance of addressing the housing challenges on Denman Island. What seems clear is that something has to change in order for this to happen. The OCP and the LUB have provided and continue to provide the opportunity for property owners to develop housing on the basis of a rezoning and a housing agreement. The reality is that this approach has not been effective in providing a solution to the housing issue which strongly suggests that other approaches should be considered. Other LTCs such as Salt Spring Island and Mayne Island also appear to have reached this conclusion. Copies of their proposed bylaws are attached to this report for information.

It should be noted that the Project Charter for this initiative included a second meeting to review the results of the August 25<sup>th</sup> Community Information Meeting. The timing and focus of that meeting may need to be revisited depending upon the decisions of the Local Trust Committee after their review of this summary report and its recommendations.

## RECOMMENDATIONS

It is the recommendation of staff:

THAT the Denman Island Local Trust Committee give consideration to amendments to the Denman Island Land Use Bylaw, such as are being considered for Salt Spring and Mayne Islands to encourage and facilitate the creation of appropriate housing opportunities as part of the solution to affordable housing on Denman Island;

AND FURTHER THAT the Denman Island Local Trust Committee give consideration to amending the Denman Island Official Community Plan to allow secondary suites in other designations than "Rural" and "Sustainable Resource" as deemed appropriate.

Prepared and Submitted by:

Rob Milne

October 9, 2103

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Island Planner

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Date

Concurred in by:

*Courtney Simpson*

October 9, 2013

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Date

Appendices:

1. Relevant Denman Island OCP Objectives and Policies
2. Notes from August 25th , 2013 Cooking Up Housing Forum small group discussion
3. Denman Island Consultation on Affordable Housing Strategies - Project Charter
4. Salt Spring Island Draft Bylaw No. 461
5. Mayne Island Draft Bylaw No. 159
6. Mayne Island Draft Bylaw No. 160

# Appendix 1

## Relevant Denman Island OCP Objectives and Policies

### Current OCP Housing Objective and Policies

Excerpt from "Housing" introduction:

*"This community acknowledges the need for affordable and special needs housing to maintain a diverse population in the face of rising land prices and to encourage seniors to remain on the Island. Limits on these forms of housing are designed to address the possible negative impact of locally increased density. Initiatives to provide opportunities for affordable housing of various kinds are ongoing".*

### Guiding Objective

*To encourage housing that accommodates the needs of a variety of families and individuals while protecting the natural environment, the social fabric and the rural character of the community.*

### Housing - Objectives

- Objective 1 To ensure that housing options are sensitive to ground water availability and sewage disposal capability, guard against contamination of ground water and preserve the rural nature of Denman Island*
- Objective 2 To ensure housing options preserve human diversity in the community*
- Objective 3 To set the maximum for the overall residential density of the Island as the residential density possible with the zoning regulations in place at the time of adoption of this Plan while providing flexibility for a range of dwelling types*
- Objective 4 To support the establishment of affordable housing, rental opportunities and special needs housing and provide the opportunity for Island seniors to remain in the community, especially in their own or their families' homes*

### Use and Density

- Policy 11 The overall residential density on Denman Island should generally not increase beyond that permitted by existing zoning on the date this Plan was adopted except that an increase of approximately 5 percent may be permitted to accommodate zoning amendments for special needs and affordable housing, including secondary dwelling units pursuant to Policy 16 or site-specific zoning amendment applications under Policy 29 of this Section.*

### Special Needs and Affordable Housing

- Policy 16 The Local Trust Committee should consider zoning amendment applications for site-specific zoning to allow small secondary dwelling units or secondary suites on lots of two hectare or more that are in the Rural or Sustainable Resource designation provided proof of adequate water is provided.*

**INFORMATION NOTE:** A secondary dwelling unit on land in the Agricultural Land Reserve requires the approval of the Agricultural Land Commission.

- Policy 17 The Local Trust Committee should encourage the establishment and work of non-profit land trusts for affordable housing.
- Policy 18 The Local Trust Committee should consider amendments to this Plan allowing the Committee to accept and hold for affordable housing purposes, in accordance with the guidelines in Appendix D, any unused residential densities that are relinquished by owners of lots with subdivision potential or available through land sold or given for conservation or park.
- Policy 19 The Local Trust Committee should review the policies in this section once the final report is available for the Hornby and Denman Island Housing Needs Assessment, with a view to determining whether further opportunities for affordable housing are needed and what form any such opportunities should take.

### Zoning Amendments

- Policy 27 The Local Trust Committee should consider zoning amendment applications for seniors housing provided:
- that the proposal is not located in a connectivity area identified on Schedule D;
  - that the proposal is small-scale;
  - that the siting and height of the proposal is sensitive to the surrounding land uses and does not impact negatively on adjacent properties;
  - that the proposal proves an adequate supply of potable water and an adequate sewage disposal system;
  - that the applicants enter into a housing agreement with the Local Trust Committee;
  - that any environmentally sensitive areas on the lot are identified and the applicant undertakes a conservation covenant to protect such areas;
  - that the proposal is designated a development permit area to guide form and character; and
  - that the proposed development will not place a strain on existing public services and infrastructure.
- Policy 28 The Local Trust Committee should consider zoning amendment applications for affordable housing projects provided:
- that the proposal is not located in a connectivity area identified on Schedule D;
  - that the proposal does not impact negatively on adjacent properties;
  - that the proposal is small-scale;
  - that the proposal is clustered and the siting and height are sensitive to surrounding land uses;
  - that the proposal proves an adequate supply of potable water and an adequate sewage disposal system;
- Policy 29 The Local Trust Committee should consider zoning amendment applications:
- to bring into conformity dwelling units that were in existence but did not comply with the policies in this Plan at the time of its adoption on May 15, 2009, provided that the applicant provides written evidence, to the satisfaction of the Denman Island Local Trust Committee, that the dwelling units were constructed prior to the date of adoption of this Plan in accordance with the land use bylaw in effect at the time of construction;

- to bring into conformity dwelling units that were constructed to replace existing dwelling units that did not comply with the policies in this Plan at the time of its adoption on May 15, 2009, provided that the applicant provides written evidence, to the satisfaction of the Denman Island Local Trust Committee, that the replaced dwelling units were constructed prior to the date of adoption of this Plan in accordance with the land use bylaw in effect at the time of construction; and
- to authorize up to 9 dwelling units on land legally described as The south east ¼ of section 26, Denman Island, Nanaimo District.

## **DEVELOPMENT APPROVAL INFORMATION - CIRCUMSTANCES AND SPECIAL CONDITIONS**

- Policy 30 Applicants for a zoning amendment in the Residential or Rural designation in this Plan, may be required to provide development approval information.
- Policy 31 The areas designated Residential and Rural in this Plan are designated to encourage housing that accommodates the needs of a variety of families and individuals while protecting the natural environment, the social fabric and the rural character of the community. The objectives of the designation of this area as an area within which development approval information may be required, include ensuring that housing options are sensitive to ground water availability and sewage disposal capability; guarding against contamination of ground water; preserving the rural nature of the Island; ensuring that housing options preserve human diversity in our community; supporting the establishment of affordable housing, rental opportunities and special needs housing; and providing the opportunity for Island seniors to remain in the community, especially in their own or their families' homes. Development approval information may be required to help the Local Trust Committee to determine appropriate uses, density and siting of development in the Residential and Rural designations.

## **Density Banking**

- Policy 2 The Local Trust Committee may consider applications for transfer of banked densities providing the land receiving the densities will be used for affordable housing and a suitable mechanism is in place ensuring this use is maintained over time. For the purpose of the density bank, affordable housing means adequate, suitable housing that is available to meet a continuum of needs including housing for the homeless and/or special needs; housing for those at risk of homelessness; housing with rental assistance; and entry level ownership opportunities.
- Guideline 9 Applications for transfer of banked densities for affordable housing must include details of the criteria for residents of the housing as well as demonstrate a need for the type of affordable housing on Denman Island.

## Appendix 2

### Notes from August 25<sup>th</sup> , 2013 Cooking Up Housing Forum small group discussion –

#### Secondary Suites

##### Strengths

- supports affordable housing and elder housing (many times)
- supports elder housing (several times), aging in place (several times)
- mortgage helper (several times)
- supports intergenerational living (several times)
- not as onerous to create as a cottage/cabin (several times)
- less infrastructure impact than a freestanding unit (ie one driveway, one clearing, one hydro access, possibly one well and septic) (many times)
- housing more people will lead to population growth which is good for the economy and vibrancy (a couple mentions)
- privacy (as compared to people sharing living space in one building)
- makes status quo – that this is going on illegally -- legal (several times) (some people said this was NOT a strength)
- landlord will be on property to deal with any issues
- already allowed in ALR
- could support farming families (a couple mentions)
- doable in the short term and for the short term (flexibility)

##### Weaknesses

- no way to ensure it gets used for affordable housing or other community needs (many times)
- not appropriate for everyone (noise, privacy, personal space considerations)
- no guarantee landlord will be living on property
- will increase density
- doing it right can be too expensive
- could create seasonal housing only (tenants asked to move out for summer)
- it's hard to define affordable
- will attract low income people who need jobs but our economy does not offer many jobs

##### Opportunities

- can be regulated with a mechanism to ensure it is used for affordable housing (many, many times)
  - could be limited to certain areas, lots sizes, and/or conditions (several times)
- can create a way for currently existing illegal suites which are substandard to be brought up to a better standard
  - can be subject to regulation to require proof of water, sewage (several times)
  - can be regulated to specify tenants of a certain class (immediate family, caregivers, etc)
  - could be used in conjunction with “lifetime tenancy” option for long-term housing

- creation of these could be made legal for a limited amount of time only; the resulting suites would remain legal but no more could be created (or instead of time line could be a certain amount) (several people)
- if used for guest accommodation, could help guest accommodation providers to set standards, which could be reflected in Trust regulations
  - would spur us to create a definition of affordability
  - can allow for flexibility in setting rental rates

### **Threats**

- real estate prices will go up
- property taxes will go up
- too much population growth (many mentions) (several people said this wasn't a threat but rather a strength)
- could be built originally for housing but then used for vacation rentals
- more cars
- on small lots, cumulative impacts will be too high
- noise
- threat to safety and security
- environmental impacts
- too many will be created

Plus there was one idea put forward that did not fit the SWOT structure: to change the definition of dwelling unit to reflect that a DU is a space where people live, with no mention of a kitchen

# Accessory Dwellings

## Strengths

- Diversity [of housing types]
- Subsidizes mortgage
- Alleviates rental problem
- More rental opportunities
- Ageing in place
- Seniors housing opportunities
- Families together
- Breaks with [Island] tradition
- Inexpensive to rent
- Housing security for landowners
- Legalizing doesn't require grants.
- Keeps schools open [retention of young families]
- Public safety [more eyes in the community]
- Opportunities for land sharing
- Opportunities for destination accommodation

## Weaknesses

- Capacity [impact] on water and land
- Expensive to build
- Hard to regulate
- Breaks with [Island] tradition
- Over-densification
- Lack of affordability mechanism
- Create a black market [for cheaper illegal housing]
- Increase land values

## Opportunities

- Innovation
- Affordability for lower incomes
- Generational mix
- Facilitate ageing in place
- Challenge to [Island] status quo
- Address[es] affordability
- If legalized [illegal dwellings] incentive to make upgrades

## Threats

- Over-crowding
- Poor [written] regulations
- Changes [Island] status quo
- Suburbanization
- Special interest groups [taking advantage of new housing opportunities]
- Restrictions on “mobile” residential options
- Impact upon neighbours

# Sustainable Affordability Mechanisms

## Strengths

- Ensure affordability over time
- Diverse community
- Definition of affordability =<30% income
- Mortgage helper
- Land Trust can hold agreements
- Other mechanisms- protects the renter
- Broadly create/allow supply
- Rent controls
- Less bureaucratic
- Housing authority owns all affordable units
- Co-ops & co-housing

## Weaknesses

- Housing agreement difficult to enact
- Lack a local housing authority
- Limited buy-in (lack of owner motivation)
- Does not fully capture affordability
- Difficulty determining need/poverty
- Doesn't address issue of housing supply
- More \$ to administer than covenant
- Cost \$
- Difficult to understand how they work
- Does not address diversity- renter or landlord

## Opportunities

- Create a Denman Housing Authority
- Collaboration with BC Housing
- Taking advantage of existing units
- Density
- To challenge land owners to be altruistic not fearful
- Non-paying 2<sup>nd</sup>

## Threats

- Non-compliance (enforcement difficult)
- Unforeseen consequences
- Too onerous = no by-in
- Lack of political will to implement agreement

# Moveable Housing

## Strengths

- Temporary housing
- Transition housing
- Affordable
- Smaller environmental footprint
- Flexibility (need)
- Demographic diversity
- Home ownership without land ownership
- Choice (affordable)
- Density
- Great instantaneousness

## Weaknesses

- Lower adjacent property values (perception)
- Density
- Lack of permanence
- Requires full servicing
- Some not designed for full time use

## Opportunities

- IT legal use...family use, special needs use
- Use of TUP (vary conditions)
- Trailer parks
- DP form/character
- Deal with existing sub-standard infrastructure
- Restrictive to larger prop.
- Lot coverage
- Very doable?

## Threats

- It never leaves – it may be substandard living
- No distinction to “Reg” dwellings
- Proliferation of “sub-standard”

# Room Rentals

## Strengths

- Stepping stone
- Build social community infrastructure
- Freedom
- Strengthen economy in the visitor sector
- Build community
- Sustain community
- Elder support
- Affordable
- Small footprint
- Contribute to the whole pie
- Self-regulating

## Weaknesses

- Temporary
- Inadequate
- Non-starter [x2]
- Does not address problem (not housing)
- Scale, privacy/control
- Does not p[?] residents
- Not family
- Crowded conditions
- Not for everyone

## Opportunities

- Transition
- Emergency
- Private citizen mg.
- Control available
- Income
- Trust/Integ.
- Short term starter
- Autonomy of your own house
- Elder care
- Income supplement
- Singles

## Threats

- Safety
- Security limits
- Tourism
- STVR
- Human footprint

## Appendix 3



Islands Trust

# Denman Island Consultation on Affordable Housing Strategies

## Project Charter

Creation Date: May 10, 2013

Last Updated: Monday, November 04, 2013

Version: 1.2

	Name	Endorsement Date
Project Sponsors	Courtney Simpson	04/11/2013
Project Manager	Rob Milne (Island Planner)	04/11/2013
Local Trust Committee	Denman Island	

### Purpose

This project will, through a public consultation process, seek community input on acceptable options for affordable housing for inclusion in a review of Denman Island's housing policies as they impact the supply of affordable housing. This review is intended to inform bylaw amendments that enable a greater supply of affordable housing in advance of the November 2014 trustee elections.

### Background

The Islands Trust Policy Statement (2003) submits that "Most [island residents] feel strongly that people of differing age groups and income levels should continue to have the opportunity to reside in island communities" and that "local trust committees and island municipalities shall...address their community's current and projected housing requirements..."

This project has been initiated by the Denman Island Local Trust Committee (LTC) pursuant to the Islands Trust Council 2008-2011 Strategic Plan objective 4.3 "Use land use planning tools and decisions to improve the availability of affordable/accessible/ appropriate housing".

A 2008 '*Housing needs on Hornby and Denman Island*' report identified "at least 26 renter households and about 42 elder households on Denman Island are living in housing which is unacceptable according to nationally established standards." The report also highlights that 13.5 percent of households are in housing need with affordability of owning/renting a home as the main barrier. A narrowing age demographic towards older residents, a lack of rental options, and a deficiency of housing models able to accommodate a growing senior population also arose as common themes.

**The Denman Local Trust Committee identified affordable housing need as the primary impetus for this review, but emphasized that concerns around increased density on the island might create concern by some community members. Objectives**

- Develop a communications plan that engages all stakeholders in contributing to the development of affordable housing policies
- Communicate both the process and outcomes to the Denman Island community and solicit feedback during development of the deliverables.

- With the aid of the community identify actionable ideas which are supported by the community that can be used to facilitate the creation of affordable housing.
- Amend the Land Use Bylaw to better facilitate the provision of affordable housing within the framework established by the existing community as informed through the consultative process.

## Scope

In Scope	Out of Scope
<ul style="list-style-type: none"> <li>▪ Two public consultation meetings</li> <li>▪ One CIM</li> <li>▪ Secondary suites and/or cottages – including visitor accommodation</li> <li>▪ Affordable housing agreements</li> <li>▪ Multi-unit projects (i.e. co-housing or senior housing)</li> <li>▪ Relevant density and population growth concerns</li> <li>▪ Desirable demographic diversity</li> <li>▪ Long-term economic sustainability</li> <li>▪ Reviewing definition of a dwelling unit</li> <li>▪ LUB amendments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Density bank</li> <li>▪ Density transfer</li> <li>▪ Short-term vacation rentals</li> <li>▪ Bed and Breakfast accommodations</li> <li>▪ OCP amendments</li> <li>▪ More than two public consultation meetings</li> </ul>

## Deliverables and Milestones

Deliverable / Milestone	Target Completion Date
Public Consultation Meeting 1 (“Needs and Fears”)	August 25, 2013
Staff Report on Meeting 1	October, 2013
Public Consultation Meeting 2	November, 2013
Draft amendments to relevant Land Use Bylaw	January, 2014
Local Trust Committee review of staff recommendations	January, 2014
Open House for public review of proposed bylaw amendments	February, 2014
Public hearing on proposed bylaw amendments	March 2014
Further readings of bylaws and referral to Executive Committee	April, 2014
Adopted bylaw amendments	May, 2014

## Stakeholders

Stakeholder	Represented by	Interests, expectations, concerns
<i>Homeowners</i>	<i>All</i>	<ul style="list-style-type: none"> <li>• New housing permissions do not threaten rural character</li> <li>• New regulations are clearly understood and accessible</li> <li>• Fair and reasonable regulation</li> </ul>

Stakeholder	Represented by	Interests, expectations, concerns
		<ul style="list-style-type: none"> <li>• Expect clear, proactive communication</li> </ul>
<i>Renters</i>	<i>All</i>	<ul style="list-style-type: none"> <li>• Greater availability of rental housing to meet housing need</li> <li>• Solutions that incentivize additional housing rather than penalize users of substandard housing</li> </ul>

## Project Team Resources

Name	Project Role	Area	Duration	Time
<i>Rob Milne</i>	<i>Project Manager</i>	<i>LPS – Northern</i>	<i>All</i>	<i>20 days</i>
<i>Additional Planner resources</i>	<i>Planning support</i>	<i>LPS – Northern</i>	<i>2-3 days</i>	
<i>Penny Hawley</i>	<i>Meeting notices &amp; bookings</i>	<i>LPS – Northern</i>	<i>All</i>	<i>1-2 days</i>
<i>Seth Wright</i>	<i>Planning support-meeting, materials preparation</i>	<i>LPS – Northern</i>	<i>Initiation of project to first CIM</i>	<i>10 days</i>

## Project Governance

Role	Responsibility
Project Champion - David Marlor	Strategic matters at Executive Committee level
Project Sponsor - Courtney Simpson	Ensures project aligns with Trust Council Strategy, provide adequate project resources
Local Trust Committee	Provides support through maintaining the project as a work program priority
Project Manager - Rob Milne	All project management of the project, lead/ direct all project work
Project Team Members	Carry out assigned project tasks

## Project Budget

Item	Details	Fiscal 13/14	Fiscal 14/15
Communications	<ul style="list-style-type: none"> <li>• reproduction</li> <li>• Mail outs</li> <li>• Newspaper advertising</li> </ul>	\$200	\$510
Open House & Public Hearing	<ul style="list-style-type: none"> <li>• Statutory advertising</li> <li>• Venue rentals</li> <li>• Refreshments</li> <li>• Transportation</li> <li>• Display materials preparation</li> </ul>	\$250	\$1,500
<b>Totals</b>		<b>\$200</b>	<b>\$2060</b>

## Critical Success Factors

- Ongoing support from Sponsors and LTC
- Project is adequately resourced – budget request for further mapping is filled in 2013-14 fiscal
- Project completes on time

## Links and Dependencies

- Any new project added to the top priorities list does not move ahead of this project.

## Risk Assessment

Risk Description	Prob-ability	Impact	Risk Response Strategy
<i>Budget is not allocated for 2014 consultation meetings</i>	L	H	Prepare thorough budget request through RPM, in order to provide LPS director with adequate information for preparing budget information to FPC.
<i>Public consultation process is not completed on time</i>	L	L-M	Prioritized work load to ensure resources are available for timely project completion.
<i>Significant public opposition</i>	M	M-H	Ensure communications are early and ongoing. Acknowledge and respect public wishes and concerns with appropriate bylaw amendment recommendations..