

# CMHC HOUSING SUPPLY CHALLENGE

Southern Gulf Islands Tourism Partnership Society &  
Southern Gulf Islands Housing Coalition

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SOUTHERN  
GULF  
ISLANDS

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# EXECUTIVE SUMMARY

The need for housing is a well-documented issue on the Southern Gulf Islands (SGI)<sup>1</sup>, yet barriers to providing more housing remain. On behalf of the Southern Gulf Islands Housing Coalition (the Coalition), the Southern Gulf Islands Tourism Partnership Society (the Tourism Partnership) applied for funding under the Canada Mortgage and Housing Corporation (CMHC) Housing Supply Challenge to develop an innovation solution to address the housing crisis in the region. The Stage 1 proposal outlined a solution that would involve the creation of pre-development tools and a dedicated navigator role to facilitate construction of affordable rental housing for local island residents and workers. This application was successful, providing the Tourism Partnership with funding to prototype the proposed solution through Stage 2 of the Housing Supply Challenge.

With funding secured, CitySpaces Consulting was engaged to complete engagement with interested and affected parties across the Southern Gulf Islands. This engagement process involved close to 40 interviews with non-profit housing providers, First Nations, government staff, elected officials, and other advocates with experience relevant to housing development. Through these discussions, the Advisory Group (a sub-set of the Coalition with one person representing each of the five Southern Gulf Islands) discussed how to refine the Stage 1 CMHC Housing Supply Challenge application and outlined modifications to the Housing Navigator Service. Building from their initial proposal, the Advisory Group identified the need to create a more fulsome Southern Gulf Islands Housing Entity, which would be a dedicated non-profit housing centre capable of assisting applicants with the development approvals process, while also providing research, education, capacity-building, and advocacy support services.

## WHAT WAS ASKED

The engagement process focused on the following key questions:

- Tell us about your experience with the development approvals process. What is working well? What has not been working well?
- What does a clear and consistent development approvals process look like?
- The need for additional housing is well-documented, but barriers to change remain. Why?
- Who is part of the solution?

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<sup>1</sup> Through this report, Southern Gulf Islands refers to the Salt Spring Island Electoral Area as well as the Southern Gulf Islands Electoral Area (comprising Galiano, Mayne, North and South Pender Islands, and Saturna).

- On behalf of the Coalition, the Tourism Partnership is applying for funding to create a set of pre-development tools for workforce housing development on the SGIs. What would this look like to you?

## WHAT WAS HEARD

Based on feedback provided, the Coalition refined the proposed solution to deliver a more robust suite of services through a dedicated non-profit housing centre. This Housing Entity would have staff available to provide professional services (e.g., development consulting) and assist applicants through the approvals process, while also providing research, education, advocacy, and other capacity-building services. Meaningful engagement with First Nations was also identified as a core component of the Housing Entity's functions. It was recognized further dialogue is needed with senior government to:

- Explore ongoing funding mechanisms for the Housing Entity;
- Identify ways to improve the development approvals process; and,
- Explore different governance or regulatory structures that would change and improve the development approvals process.

It is anticipated the Housing Entity would help to facilitate these conversations among intergovernmental partners.

Through the engagement process, several key themes emerged:

- **Governance.** On the SGIs, governance is split between the Islands Trust and the Capital Regional District (CRD), with land use decisions resting with the Islands Trust and building permit and some servicing approvals under the jurisdiction of the CRD. Numerous other provincial, regional and local agencies and authorities oversee and approve aspects of new development (e.g., Vancouver Island Health Authority – water permitting), making the approvals process complex and confusing for project applicants.
- **Funding.** It is difficult for SGI housing projects to access pre-development and capital funding as many funding programs are designed with urban economies of scale in mind. Feedback provided also highlighted the importance of defining a sustainable and long-term funding source for the Housing Entity.
- **Strength of Public Voices.** Project applicants outlined the challenges experienced with “NIMBY” (not-in-my-backyard) opposition. In small rural communities, this form of pushback can significantly slow a project and it can be challenging for local politicians to support something opposed by local groups.

- **Preserve and Protect.** The Islands Trust mandate to “preserve and protect over 450 Islands in the Salish Sea” is an important framework; however, the interpretation of this mandate has led to confusion around how ecological protection and new development can be successfully pursued. Feedback received outlined a need for additional education around the approaches new housing can take to be compatible with environmental goals and support responsible and well-directed growth.
- **Unique Islands Context.** Within a limited pool of local professionals and tradespeople, and high material and transportation costs, cost of developing new housing on the SGIs can be prohibitive. While each Island community is distinct, there are also similarities across the SGI region that warrant a regional solution.
- **First Nations.** The project timeline did not allow for robust, meaningful engagement with First Nations; there is a desire to pursue this important work during Stage 3 of the Housing Supply Challenge and beyond. Feedback received from three First Nation communities referenced similar housing issues and a desire for more sustainable, low-cost housing solutions. Other groups engaged as part of this process highlighted the need for relationship building and compensation to pay Indigenous people for their time and energy. Additional resources are also needed to support non-profits to engage with Indigenous groups through the development approvals process.
- **Capacity.** Non-profit housing societies experience difficulties in navigating the development approvals process given its complexity, but also due to the time required to take a project from vision to completion. Additional capacity-building sessions and resources for local non-profit housing providers would be highly beneficial.
- **Isolation.** The Coalition represents an important step forward toward greater collaboration within the SGIs. Feedback provided through engagement outlines the need for more inter-island discussion and resource sharing to ensure non-profits do not “reinvent the wheel” for each development application requirement (e.g., housing agreement).
- **Not “One Size Fits All”.** There is a need for a diversity of housing across the SGIs and while purpose-built rental housing is a priority, it will also be important for the Housing Entity to support homeowner-led and other initiatives. The cost of multi-unit development can be challenging in certain contexts and other approaches to increasing housing supply should be clearly outlined for property owners and other stakeholders to explore and implement.
- **Water.** It can be difficult for project applicants to identify potable water sources for new multi-unit development because of the limited capacity of community water systems, onerous requirements for using groundwater and no clear regulatory path for using rainwater catchment for multi-unit buildings. Additional clarity is needed and further advocacy and

discussion with Vancouver Island Health Authority, Provincial agencies, and local water districts to develop solutions that are science-based and financially feasible.

# INTRODUCTION

In February 2022, the Tourism Partnership engaged CitySpaces Consulting to assist with the development of tools for workforce housing on the Southern Gulf Islands (SGIs). On behalf of the SGI Housing Coalition (the Coalition), the Tourism Partnership received funding through Canada Mortgage and Housing Corporation's (CMHC) Housing Supply Challenge to prepare a proposal as part of the Housing Supply Challenge. The proposal is to facilitate collaboration among local non-profit housing societies and other interested parties to tackle the housing crisis and establish a dedicated Southern Gulf Islands Housing Navigation Service. To define the parameters of this proposed service, CitySpaces engaged with government, First Nations, local builders and developers, housing advocates, and other SGI residents to learn more about the existing challenges to building new housing. These key findings helped to inform adjustments to the proposed Housing Navigation Service, in support of a more fulsome Southern Gulf Islands Housing Entity, which would be a dedicated non-profit housing centre capable of assisting applicants with the development approvals process, while also providing research, education, capacity-building, and advocacy support services.

## PURPOSE

CMHC's Housing Supply Challenge aims to remove or reduce barriers that hinder housing supply. This is an ongoing issue in many communities and particularly on the SGIs given the Islands' unique and complex regulatory and governance structures that function without a clear mandate or means to provide affordable housing for island residents. To address these issues, the Tourism Partnership together with non-profit housing societies from Mayne and Galiano, identified the need for a Housing Navigator, which formed the basis of their CMHC application, and was successful in receiving initial funding to prototype their proposed solution. To support the testing of the Navigator concept, CitySpaces was engaged to conduct research and consultation to ensure the proposal reflected Islander perspectives and responded to the challenges and opportunities identified by local non-profit housing societies.

## METHODS

The approach taken to complete this project involved one-on-one Zoom interviews with politicians, government staff, local housing providers, representatives from other regulatory or decision-making authorities (e.g., BC Housing, Island Health), as well as case study research, and a virtual workshop with key decision-makers from the Capital Regional District (CRD), the Province, and Islands Trust. This research and engagement exercise builds from work previously completed by the Tourism Partnership and SGI Housing Coalition to identify solutions to the region's housing crisis. Based on the learnings from their work and the successful CMHC application, CitySpaces' engagement and research tasks focused on defining the features of this Housing Navigation Service as related to governance and funding structures.

This project featured a close working relationship with the SGI Housing Advisory Group, a smaller component of the SGI Housing Coalition, representing local housing non-profits from each island. In addition to this important local perspective, the CitySpaces team included **Elizabeth FitzZaland**, a development consultant located on Salt Spring Island. Given the complexity of the governance and regulatory structures in place on the SGI, this local perspective was valuable in understanding the context and facilitating meaningful discussion among interested and affected parties.

In addition to the CitySpaces scope of work, **Wiser Projects** was engaged to map the development approvals process, given their experience supporting two non-profits in the SGI through affordable housing development. This companion research document is attached to this report as **Appendix B**. Key findings are also included in the Context section on page 8.

# CONTEXT

## POPULATION GROWTH

The Southern Gulf Islands are experiencing significant growth, which has accelerated the need for additional housing. With the release of 2021 Census data, SGI communities have clarity on the extent to which population has increased across the islands. Table 1 provides a summary of population growth in the Southern Gulf Islands as compared to British Columbia. Many SGI communities have experienced population increases three times greater than that of the province overall. Coupled with an existing housing crisis, this increase in population has amplified the need for additional housing options on the SGIs.

Table 1: Population Change, Southern Gulf Islands (2016-2021)

Community	2016	2021	Growth 2016–2021	Change 2016–2021	Annual Growth Rate
Mayne Island	949	1,304	355	37.4%	7.5%
North Pender Island	2,067	2,467	400	19.4%	3.9%
South Pender Island	235	306	71	30.2%	6.0%
Galiano Island	1,044	1,396	352	33.7%	6.7%
Salt Spring Island	10,557	11,635	1,078	10.2%	2.0%
Saturna Island	354	465	111	31.4%	6.3%
<b>Southern Gulf Islands (Total)</b>	<b>15,206</b>	<b>17,573</b>	<b>2,367</b>	<b>15.6%</b>	<b>2.9%</b>
British Columbia	4,648,055	5,000,879	352,824	7.6%	1.5%

Source: Statistics Canada, Census of Population, 2016, 2021

## HOUSING NEEDS

Evidence of housing need on the SGIs is well-documented. The Capital Regional District has completed two recent housing needs assessments for the SGIs – the Salt Spring Housing Needs Assessment (2020) and the Southern Gulf Islands Housing Needs Assessment (2018)<sup>2</sup>. Findings from the Salt Spring report indicate an estimated 299 units were needed between 2016 and 2020 and an additional 302 units between 2020 and 2025. The report acknowledges there may be unmet housing need from growth between 2016 to 2020. Building permit data from the CRD suggests that there were 205 new housing units created on Salt Spring Island between 2016 and the end of 2019. For

<sup>2</sup> The SGI Housing Needs Assessment pertains to North and South Pender, Mayne, Galiano, and Saturna Island.

comparison, projections estimate that 299 new households were formed between 2016 and 2020. This highlights how projects can be affected by local realities. Housing supply can drive household formation while at the same time, household formation can create demand leading to new housing supply.

While real estate data specific to Salt Spring Island is limited, a gaps analysis based on the 2016 average sales price for non-waterfront residential homes suggests that there are affordability gaps for all households making the median income and looking to enter the market. In 2016, a household would require an annual income of more than \$120,000 for their shelter costs to be affordable. Based on regional trends, it is likely that the cost of homeownership (and thus required income) has risen since then.

Evidence suggests demand for secondary rental market units far exceeds supply on Salt Spring, with rents increasing in recent years. At the same time, renter households are growing much quicker than owner households: between 2006 and 2016, the number of renter households increased by 46%, compared to 4% for owner households. A point-in-time survey of secondary market rental listings showed that the average rental was \$1,585 in 2019, which would require an annual income of approximately \$66,000 for rent to be affordable. Rental housing is unaffordable for all housing types making the median income for renters on Salt Spring Island.

Findings from the SGI Housing Needs Assessment indicate an additional 16 housing units are required annually or 397 units over the next 25 years across Mayne, Galiano, Saturna, and North and South Pender. Given the SGI Housing Needs Assessment was completed in 2018, it is likely that these numbers are somewhat dated and should be revisited. Given the extent of population growth on the SGIs, three times as many units may be needed to respond to housing occupancy demand.

The 2018 SGI Housing Needs Assessment (HNA) was based on 2016 Census data. While this data is now out of date, the story it tells has not changed with the gap between income and access to housing widening each year.

## **LOCAL HOUSING MARKET CONDITIONS**

The price of housing on the Southern Gulf Islands has increased considerably in recent years and rental housing vacancies remain extremely limited. With limited new supply, the existing housing stock is experiencing significant pressure, resulting in price increases and no rental vacancies. Median house prices increased between 35% and 137%, depending on the island, between 2017 and 2021.<sup>3</sup>

From 2018 to 2021, the housing inventory and market conditions have made renting housing less accessible for SGI residents and workers; with regional median rental rates increasing between 9%

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<sup>3</sup> Urban Matters, 2022 as cited in CRD Southern Gulf Islands Housing Strategy, 2022. This Strategy was prepared for the Southern Gulf Islands Electoral Area, which excludes Salt Spring Island.

and 27%<sup>4</sup> in the Southern Gulf Islands Electoral Area and to a higher degree in the Salt Spring Island Electoral Area. Real estate data is limited for Salt Spring Island, but engagement confirms price increases have been substantive for both rental and ownership housing. Feedback through engagement outlined the negative implications of these price increases – forcing residents off-island given affordability challenges and local businesses struggling to find employees. The need for additional housing supply across the SGIs is clear.

## **DEVELOPMENT APPROVALS PROCESS**

During the engagement process, many of the individuals noted the development approvals process for the Southern Gulf Islands is complex and particularly challenging for non-profit housing societies to successfully navigate. In order to better understand these complexities, Wiser Projects was engaged to summarize the various regulatory requirements, which are outlined below in greater detail. The complete Wiser Projects report can be found in **Appendix B**.

### **Process Overview**

The SGIs are distinct in that the approvals process is governed by two separate authorities – the Islands Trust is responsible for land-use (e.g., rezonings) while the CRD is responsible for permitting (e.g., building permit). Depending on where the project is located and how the servicing is designed, water and wastewater connections require approval from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRO), Vancouver Island Health Authority (VIHA), CRD, local water districts and possibly other government agencies. Non-profit housing projects require ongoing negotiation and discussion with senior government (CMHC and BC Housing) related to project funding. While each project and island are distinct, common approvals and associated responsibilities are outlined in Table 2.

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<sup>4</sup> JG Consulting, *Southern Gulf Islands Housing Needs Assessment, 2018*

Table 2: Approvals and Responsibilities

Project Stage	Approval Required	Responsible Authority
Pre-Development	Funding	BC Housing; CMHC; FCM; Vancity; Local foundations & philanthropists
	Ground or Surface Water License	FLNRO
	Septic	VIHA
	Community Water System Connection	Local Improvement Districts or CRD
	Community Sewer District Connection	CRD
	Hydro Power Connection	BC Hydro
	Rezoning	Islands Trust
	Subdivision	MOTI
	Development Permitting for Form and Character, Environmental	Islands Trust
	Funding	BC Housing; CMHC; FCM; Vancity; Local foundations & philanthropists
Building Permit	Capital Regional District	
Construction	Financing	CRHC; BC Housing; CMHC; Vancity; private
Completion	Occupancy Permit	CRD

After an organization makes the decision to pursue an affordable housing project, secures a site, and prepares a concept / vision, a rezoning process through Islands Trust must be pursued if the land isn't already zoned. With limited areas zoned for multi-unit development in the SGIs, a rezoning is typically required and is typically a lengthy and complex process. This introduces uncertainty and time into the development approvals process as many roadblocks can occur during discussions with Trust staff, politicians, and local community members. Figure 1 illustrates the rezoning process and associated hurdles that may arise. The impacts of process challenges are substantive and include the following:

- **Financial cost:** additional report and information requirements can increase project costs substantially.
- **Funding risk:** without zoned land, it can be challenging to get funders to support non-profit housing projects.

- **Access to land:** lengthy rezonings can jeopardize access to land (which is often donated and contingent on rezoning).
- **Board / volunteer burnout:** lengthy timelines and substantive project management can result in Board turnover and thereby decrease capacity of the organization.

Figure 1: Not a Clear Roadmap - Illustrative Example of Islands Trust Rezoning Process



## Constraints and Challenges on the Southern Gulf Islands

The SGIs have a unique environmental and ecological context, making development a complex balancing act to ensure ecological protection is maintained while allowing for housing options that meet community needs. Sites are often not serviced by sewer or water and varied topography can make project concepts challenging. Challenges experienced by those pursuing development on the SGIs include:

- **Environmental constraints:** rural conditions and water/drought;
- **Capacity within the non-profit housing sector constraints:** new/young non-profit groups, lack of depth in development sector, experience, and/or understanding from professional and political participants;
- **Resource constraints:** financial, volunteer boards and capacity, construction supplies and labour, and conflicts of interest;
- **Community understanding and perception constraints:** common perceptions related to affordable housing: 'there is no problem, this is not our problem, this is not the right site, earth first, people second, affordable housing is ...', as well as a lack of understanding related to approval processes and project goals;
- **Housing need/lack of supply constraints:** lack of infrastructure/planning, community need versus acceptable development, and data around housing supply challenges; and
- **Opaque approvals process and authorities' constraints:** lack of clarity on: application requirements, communicated timelines, roles and responsibilities, education of decision-making authorities, precedent and capacity, as well as multiple layers of government jurisdiction, long approvals processes, and small decision-making body.

## Key Considerations

Based on an analysis of the development approvals process, there is an opportunity to explore improvements to the current framework. These suggestions also reflect feedback heard through engagement with interested and affected parties on the SGIs.

- Non-profit housing providers **need additional support in navigating the approval process**. The desire for these services is reflected in the original application to CMHC to establish a Housing Navigation Service. Building from their initial proposal, the Advisory Group identified the need to create a more fulsome Southern Gulf Islands Housing Entity,
- There is an opportunity for the Housing Entity to work with Islands Trust to **develop a development roadmap** for project applicants to clearly identify required studies, associated timelines, and templates for common requirements such as Water Management Plans,



Housing Agreements and s.219 covenants. This would support the resource-constrained Islands Trust.

- There is a need for the Housing Entity to advocate to senior government for a **pre-development and capital funding stream exclusively available to island communities**, involving outreach to CMHC, BC Housing, and the CRD to explore potential funding sources to support specialized funding.
- The Housing Entity could also explore collaborative approaches to development that **foster discussion, dialogue, and transparency**. This may involve **education and public communications** to ensure local residents, politicians, and government staff are well aware of project strengths.



# WHAT WAS HEARD

Based on guidance from the Advisory Group, CitySpaces identified over 50 individuals, including Coalition members themselves, to connect with as part of the engagement process. These individuals represent a diversity of organizations and governments, including the Islands Trust, BC Housing, Capital Regional District, Province of BC, local businesses, developers, non-profits, and housing advocates. A detailed summary of those engaged and their respective organizations is included as **Appendix A**. Given the project timeline, several individuals were not able to participate in the engagement process or did not respond to requests for engagement. Over the course of March 2022, 37 people were interviewed, in addition to ongoing conversations with five Advisory Group members, and a virtual workshop with key decision-makers and politicians from the CRD, Islands Trust, Province of BC, and Vancouver Island Health Authority. A detailed summary of what was heard during this process is provided below.

## GOVERNANCE

### Fractured Governance System

- The land-use decision-making authority for the SGIs is the Islands Trust, a special purpose government mandated to preserve and protect over 450 islands in the Salish Sea. While the Islands Trust is responsible for zoning, building permits are issued by the CRD. Most applications also require approval from other agencies, such as Island Health and FLNRO for water usage and septic approvals. Feedback received indicated this can be a challenging dynamic to navigate as these organizations operate as distinct entities with little shared decision-making or discussion.

### Inconsistent Direction

- Feedback highlighted the challenges applicants have experienced in navigating the approvals process due to conflicting and inconsistent direction provided by government agencies. There is not a clear understanding of which studies are required at certain points of the development approvals process and there is also a recognition that those requirements can change mid-stream when a study is underway. The frustrations experienced with changing goal posts are substantial and there was a desire for greater consistency.

### Unclear Development Approvals Process

- It was strongly communicated that the existing approvals process is confusing, with insufficient resources available to assist with development applications.
- Participants also specified that staff do not always have the expertise or capacity to provide further clarity on the development approvals process.



- Participants indicated there is a lack of information available on what is allowed and what is not allowed by certain regulatory agencies. It was felt that applicants receive conflicting direction given there are no defined parameters as to what is permissible related to septic and water usage specifically. Greater clarity is needed to define a more straight-forward and intuitive approvals process.

### Housing Entity Considerations - Governance

- Participants referenced a desire for a **roadmap** that could be used to navigate the development approvals process. This **roadmap** would provide links to **templates and examples**, such as housing agreements or public engagement plans used for other housing projects. It was also suggested that the **roadmap** could provide links to **standardized contracts** and **terms of reference** for particular due diligence studies, such as environmental assessments or geotechnical reports.
- Other feedback received focused on the opportunity for Housing Entity staff to provide **professional assistance to support applicants through development approvals** (i.e., act as a development consultant).
- Further clarity is needed from Island Health on **septic and water systems for multi-unit development** in the SGIs. It was observed that there may be an opportunity for the Housing Entity to advocate for **rainwater catchment provisions for new multi-unit development** to ensure other water options are available above and beyond groundwater sources.

## FUNDING

### Limited Funding for Pre-Development + Capital Costs

- Participants outlined the challenges experienced in accessing funding to support necessary pre-development project activities. Multiple studies are needed to determine site suitability, such as geotechnical testing and environmental assessments. With limited funding available from BC Housing and CMHC to complete these required studies, smaller non-profits are challenged to complete the necessary due diligence requirements.

### Challenges with Provincial + Federal Funding Applications

- Participants referenced difficulties encountered in accessing funding from senior government to complete housing projects. This is particularly the case for the SGIs, as the rural housing context is not always well-suited to multi-unit development which is the focus of funding agencies. Smaller projects on the SGIs can often be overlooked due to high construction costs and challenging economies of scale (see Unique Islands Context on page 19).



## Housing Entity Funding

- Feedback received focused on the need to define a sustainable and long-term revenue source for the proposed Housing Entity. Many different ideas were provided ranging from social enterprise to direct contractual agreements with the Capital Regional District. Many of the challenges experienced by SGI non-profit housing societies were related to a lack of funding and professional resources.

### Housing Entity Considerations - Funding

- Participants suggested that the Housing Entity explore funding options to provide a **dedicated stream of pre-development and capital dollars** for projects on the Southern Gulf Islands, given the unique context.
- Feedback received emphasized the need to work with the CRD to access **Regional Housing Trust Fund dollars**. This will likely involve ongoing advocacy and discussion with government officials.
- Similar to the SGI Housing Strategy produced by the CRD, there was a desire to advocate to BC Housing for a **Rural Housing Strategy** that may identify funding and particular program supports for projects located outside of urban centres.
- Participants also suggested that the Housing Entity could help non-profit societies explore **other funding sources** such as community bonds, social enterprise, and related fundraising mechanisms.

## STRENGTH OF PUBLIC VOICES

### Influence on Approvals Process

- Feedback received highlighted the impact of public voices on the SGIs' development approvals process. Given the lack of clarity on application requirements, project opponents often advocate for additional studies to be completed which can be time-consuming and costly. The threat of legal challenges from community members who feel that consultation has not been adequate or that proposed development does not conform to the Islands Trust land use framework is also a limiting factor in getting new development approved.

### Nimby and “No Growth”

- Participants highlighted the challenges associated with “not-in-my-backyard” (NIMBY) sentiments around new housing development. It appears there are strong voices of opposition



to most new development as there is a perception the community cannot accommodate additional growth and that additional housing is not compatible with ecological protection.

### Small Community Context

- Participants referenced the challenging dynamics at play in small community contexts. Being an advocate for new housing development can be difficult given project opponents are easily able to challenge a supportive position outside of the formal approvals process and can make project tasks for proponents difficult. Housing advocates and opponents are neighbours.

#### Housing Entity Considerations – Public Voices

- Participants referenced the opportunity for the Housing Entity to embark on a **public education and communications campaign around housing**.
- **Education and myth-busting** is also needed to provide increased clarity around common concerns related to water, ecological impacts, and appropriate rural development. It was also recognized that a standard and accepted definition of affordability on the SGIs would be beneficial.
- Participants expressed the possibility of Housing Entity staff completing **best practices research** on innovative rural housing solutions to demonstrate what is possible and what has been successfully accomplished in other jurisdictions. There is an opportunity to share these learnings with community members to ensure that new housing concepts feel more manageable and relatable.

## PRESERVE AND PROTECT

### Islands Trust Mandate

- The Islands Trust has an important role in preserving and protecting the “unique amenities” of the Gulf Islands, including the ecological integrity of the natural environment. Feedback received highlighted the importance of this mandate but also outlined the challenges in championing new development when the mandate is often interpreted through a preservationist or “no growth” mindset. It was recognized that new development can be planned and designed to fit with the preserve and protect mandate, however participants felt that the Islands Trust was increasingly used to oppose housing projects and initiatives. The Islands Trust is also largely seen as lacking direction for proactive community planning, meaning many applicants encounter a reactive land use regulator instead of an organization interested in innovation, best practices, and scaled solutions. There was a desire for more proactive planning to support community development in a way that is respectful of the



natural environment and the overarching intent of maintaining the uniqueness of the Islands. The Housing Entity could help resource the Islands Trust in this regard.

### **Continuous Studies**

- Participants indicated the preserve and protect mandate is often used to justify due diligence studies that seem to be outside of the typical development approvals process; the preserve and protect mandate was seen as a 'no change' mentality and a sophisticated form of NIMBYism without grounding in science, best practice or informed community dialogue. It can be challenging for project proponents to address concerns framed around this mindset, given it is the defining feature of the Islands Trust.

### **Different Interpretations**

- Feedback outlined the discrepancies that arise in applying the preserve and protect mandate in practice. There are many different interpretations of how this mandate applies to community, social inclusion, and development, which was evident given the diversity of community perspective on this point.

### **Barriers to Exploring Innovative Solutions**

- Participants outlined the challenges that arise in exploring innovative housing solutions (e.g., ecovillage, higher step code housing models), as these approaches are portrayed as conflicting with the Islands Trust mandate while proponents actually favour these approaches because of their reduced environmental impact. Many participants expressed frustration that large, detached homes with higher environmental impacts allowed outright by the Islands Trust do not meet the same amount of political and NIMBY opposition.



## Housing Entity Considerations – Preserve and Protect

- Participants expressed an opportunity for the Housing Entity to provide more assistance in outlining **what forms of development are possible on standard residential lots**, specific to each island context.
- It was suggested the Housing Entity could provide **standard plans for accessory dwelling units**. If possible, these standardized plans would be designed under the as-of-right conditions to facilitate small-scale rural infill development where possible.
- Feedback received highlighted an interest for the Housing Entity to continue **conversations with the Province around the governance and regulatory structures on the SGIs**. It was recognized that the Islands Trust is currently reviewing their Policy Statement, which was seen as an opportunity to reflect on the preserve and protect mandate.
- Other ideas suggested the Housing Entity could play a role in discussions around **alternative governance structures** such as a new Islands Regional District. Further work from multiple stakeholders is required to review current governance structures and investigate possible improvements. The Housing Entity is well-positioned to contribute to that process.
- There was a desire for the Housing Entity to play a significant role in **public education on housing issues**. Specifically, participants felt the Housing Entity could help the public to understand how multi-unit development can support ecological protection as compared to rural, single-detached housing on large acreages.

## UNIQUE ISLANDS CONTEXT

### Cost of Construction “Moat Tax”

- Feedback focused on the feasibility challenges associated with housing development in a island setting. Given materials and professional services are often sourced from the mainland or Vancouver Island, there are additional costs that come with building on-island. These additional costs can make project viability and fundraising challenging, especially when island non-profits are competing with Vancouver Island or mainland housing projects where the cost of construction is lower.

### Lack of Local Tradespeople

- Participants highlighted the difficulties experienced in finding local tradespeople to support new housing development. If local tradespeople are available, it can be difficult to secure their services given the many projects that require their expertise. Hiring tradespeople from off-island also comes with added transportation and accommodation costs which can negatively



impact project viability. Local tradespeople may also have limited capacity to complete the extensive paperwork and procedural steps required by BC Housing and other large funders.

### Challenging Economies of Scale

- Feedback highlighted the challenges of building new multi-unit development on the SGIs. The regulatory framework is generally not permissive of this form of development and site constraints related to water limit the extent to which larger housing projects can proceed. It was shared that a smaller project on the SGIs may cost similar to a mid-size project on Vancouver Island or the mainland. This makes it difficult to access funding, given the SGIs are competing for funding from BC Housing and CMHC with urban projects with lower per-unit costs.

### Uniquely the Same

- Participants also outlined the commonalities among the SGIs. While each island is unique and requires specific island-made solutions, there is a need for greater recognition that the islands experience similar challenges and have comparable opportunities related to housing development. There is the potential for greater sharing of resources and a collective approach to solving housing issues at a regional level, while continuing to recognize local context and site-specific issues.

#### Housing Entity Considerations – Unique Islands Context

- It was suggested the Housing Entity could advocate to senior government for the **creation of a funding stream for rural island communities**, given the difficulties many non-profit housing societies experience in making projects viable. There was recognition new funding streams are needed to ensure island non-profits are not competing with urban projects.
- Participants expressed a desire to continue a **collaborative working relationship across the SGIs** to ensure housing solutions are explored at a regional level.
- Feedback provided reflected an opportunity for the Housing Entity to **host regional dialogue** and ensure non-profits can share key learnings from their individual housing projects.
- Participants indicated limited resource sharing currently occurs and many documents are often re-created from scratch. Providing a **dedicated resource sharing structure** and framework for dialogue and discussion would be beneficial.



## FIRST NATIONS

### Limited Engagement

- Through the course of engagement, 16 First Nations were requested to contribute. Three Nations<sup>5</sup> indicated interest and participated in a virtual conversation about housing issues and the idea of a Housing Entity in the Southern Gulf Islands. The project timeline did not allow for robust, meaningful engagement with First Nations and there is a desire to pursue this important work during Stage 3 of the Housing Supply Challenge and beyond.

### Similar Housing Issues

- The First Nation groups that were engaged as part of this process referenced general support for the idea of a Housing Entity and interest in continuing this conversation once the application is submitted to CMHC. There was recognition the housing crisis is also impacting on- and off-reserve Indigenous people and a need to explore culturally safe housing solutions that can support intergenerational family arrangements.
- Feedback provided also highlighted prohibitive material cost issues and a need for additional funding to support the construction of new housing both on- and off-reserve. Many of the lots available within First Nations communities lack servicing. It was suggested service agreements with local government may be worth exploring to address this gap. Consistent funding would be very beneficial in ensuring new development is supported in a sustainable manner.
- Indigenous communities have struggled to access federal funding. Certain programs do not fit community housing needs and while it has been encouraging to see more funding for on-reserve housing, housing gaps remain. It can also be challenging to match rents from federal programs to local incomes. Participants also stressed the importance of addressing needs across the housing spectrum, as opposed to focusing exclusively on homelessness.
- Feedback received indicated the current housing development process is colonial. CMHC defines programs and determines what will be built with limited community participation. Participants expressed a desire for more support in accessing architecture, engineering, and construction firms.

### Desire for Meaningful Relationship Building

- Feedback received from non-Indigenous groups highlighted the importance of developing strong working relationships with First Nations communities. There was a desire to invest time and resources to hold space, build a connection and create trust with local Indigenous

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<sup>5</sup> Tsawout First Nation, Malahat First Nation, Tsartlip First Nation



groups, above and beyond transactional consultation processes. Many participants acknowledged more needs to be done to ensure this happens in a way that is truly meaningful, with a long-term commitment to work together in partnership.

## Resources to Support Consultation with Indigenous Groups

- Feedback received from non-profit housing providers referenced the challenges experienced in navigating the consultation process with local Indigenous groups. There is limited information available as to whom should be engaged when new housing projects are proposed.

### Housing Entity Considerations – First Nations

- It was suggested the Housing Entity could take a lead role in **developing strong relationships with local First Nations**. Participants indicated the Housing Entity provides an opportunity to invest in meaningful, long-lasting relationships.
- Indigenous groups referenced the distinctions that arise when exploring housing solutions for First Nations communities, as many families are intergenerational and require more flexible living arrangements where multiple family members can be present. This is distinct from the senior government housing programs currently in-place. Participants outlined an opportunity for the Housing Entity to **advocate for changes to the current funding programs to support intergenerational housing models**.
- Given the lack of servicing in many local First Nations communities, participants expressed a desire for the Housing Entity to **facilitate discussions between Indigenous groups and local governments to explore opportunities for servicing agreements**.
- Feedback provided referenced the need for **professional assistance in the housing development process**, including development consultants, architects, and engineers. It was suggested **Housing Entity staff could help connect local First Nations to expert consultants** or even provide these services in-house should that expertise be available.
- Participants highlighted the important work being done by the Aboriginal Housing Management Association (AHMA) and identified an **opportunity to connect and explore ways to work together on housing solutions that are *For Indigenous, By Indigenous***.

## CAPACITY

### Local Non-Profits Challenged to Manage Projects

- Feedback received indicated it can be challenging for non-profits to navigate the development approvals process. This is due to a variety of factors: the application process is not straight-forward, the amount of time required to take a project from vision to completion is



significant, and many smaller non-profits have limited development experience and are learning about development for the first time. Non-profit housing providers referenced the benefits of working with development consultants, however it can be challenging to secure pre-development funding to pay for their services.

### **Variety of Expertise**

- Non-profit housing providers in the Southern Gulf Islands predominantly comprise volunteer boards. Feedback received acknowledged that while local affordable housing expertise may be somewhat limited, there are many local community members with a detailed understanding of certain components of the development process (e.g., financial analysis).
- Participants indicated it can be challenging to commit to board capacity building given so much time is spent supporting a project through the development approvals process. The time demands are significant and can lead to burnout and turnover, which is a challenging factor in trying to build board expertise and capacity.

### **Minimal Government Support**

- Feedback received acknowledged there is limited government support available to non-profit housing providers. Participants felt there was no dedicated government staff available to assist applicants in navigating the approvals process, while government staff highlighted a lack of internal capacity as a limit in their ability to “hand-hold” applicants through development approvals. It was highlighted that the many overlapping jurisdictions on the SGIs have created a situation where there is no one government entity responsible for housing, causing further confusion for project applicants who are unsure as to whom to approach for assistance.



## Housing Entity Considerations - Capacity

- Feedback received highlighted the possibility of **providing in-house professional consulting services** to local island and First Nations proponents as a role of the Housing Entity. Given there are limited government resources available to support applicants directly through the approvals process and a lack of pre-development funds prevents applicants from accessing development consultant services, it was suggested **Housing Entity staff could provide services typically offered by a development consultant** (e.g., assistance preparing funding applications, proforma calculations). Pre-development funding could be provided to the Housing Entity to provide this service.
- Participants outlined an opportunity for the **Housing Entity to liaise with BC Non-Profit Housing Association (BCNPHA) to develop a “Ready, Set, Build” course specific to the SGIs** that could help to build capacity and expertise. It was also suggested a “Ready, Set, Operate” course would be beneficial for societies starting their first housing projects.
- Housing providers outlined the need for **advocacy to Canada Revenue Agency (CRA)** to address charitable status issues (e.g., identification of a mechanism for rental operations of non-charitable units that is acceptable to CRA's Charities Directorate).

## ISOLATION

### Unity of Voice is Lacking

- Feedback indicated many non-profit housing providers have historically worked in isolation. This dynamic is changing as there has been more collaboration with the Housing Supply Challenge; however, it was acknowledged there is room for additional partnerships and networking. Funders also referenced an opportunity for more organized collaboration to determine project priorities across the SGIs.

### Opportunities for More Inter Island Collaboration

- Feedback outlined the similarities between the SGIs and the Northern Gulf Islands as well as the Discovery Islands. It was suggested the Housing Entity could explore partnership opportunities with other non-profit housing providers outside of the SGI context. Given the similar development context on other rural islands, participants felt there may be lessons learned that might be applicable to the SGI non-profit housing providers, helping to build their capacity.



- There was a desire to also explore regional island housing solutions and, while the SGI Housing Coalition represents an important first step at inter-island collaboration, participants outlined the possibility of exploring additional partnerships beyond the SGIs.

### Housing Entity Considerations - Isolation

- Participants referenced a need for a **housing planning and data sharing tool** where groups can share studies, housing agreements, research, and communication documents. This was identified as something that the Housing Entity could help to create and support. The centralized nature of this sort of service would help to facilitate more collaboration among non-profit housing providers to ensure groups look to one another for assistance before “reinventing the wheel”.
- Participants suggested the Housing Entity could help convene an **inventory of “human capital” on the SGIs** to better understand what skillsets relevant to development are available. This could then be provided to housing societies to match people with what they need, such as financial planning expertise or local government experience.
- Feedback received highlighted the potential for the Housing Entity to **liaise with other island non-profit housing societies** to learn from their experiences and share key lessons with SGI housing providers.

## NOT “ONE SIZE FITS ALL”

### Variety of Housing Options Needed

- Feedback outlined the depth of the housing crisis. There is a need for subsidized rental housing, workforce housing, family-friendly housing, and housing for seniors. It was recognized that one housing project will not solve the housing issues on the SGIs and a diversity of solutions is needed to ensure there are options for households at different life stages with unique needs.
- Many conversations focused on the lack of rental housing and related impacts as businesses struggle to recruit and retain staff. Existing rental options were seen as precarious, given there is limited purpose-built rental housing on the SGIs. Participants acknowledged landlords may opt to list their homes on short-term vacation rental platforms, such as Airbnb, as opposed to renting units long-term.
- While securing government funding to build subsidized rental housing was seen to be a priority, it was also acknowledged that the development context on the islands is challenging and not an environment where multi-unit projects (both market and non-market, rental and condominium) are typically feasible given site constraints and water issues. In addition to multi-



unit development, feedback received referenced the potential of homeowner-led housing initiatives, such as providing more support to homeowners interested in constructing accessory dwelling units. Participants indicated there are limited resources available to homeowners pursuing such initiatives.

### Options Must be Reflective of Context + Site Conditions

- Participants indicated many housing programs available through the province and federal government determine housing income limits based on geography. For the SGIs, housing income limits are tied to Victoria, which is not representative of the SGI context. There is a need for local data to better determine affordability thresholds that are island-specific.
- Feedback focused on SGI character and how unique development has helped to make each island distinctive. It was recognized that this character and uniqueness can continue to be supported through many different housing solutions but there was concern that moving to a more regional approach would result in a loss of distinct island identity. Participants also emphasized site conditions are so distinct across the SGIs that unique housing solutions will continue to occur out of necessity.

### Housing Entity Considerations – Not One Size Fits All

- Feedback received highlighted the potential for the Housing Entity to **advocate to senior government for a change to the housing income limit geography** from Victoria to North Cowichan / Duncan.
- Participants suggested that the Housing Entity could **create an inventory of people looking for housing and people with extra space or an extra unit** to help provide additional rental options.
- Feedback received referenced the opportunity for the Housing Entity to **educate homeowners about what they can do with their property should they wish to redevelop or add another unit**. It was suggested many homeowners may not be aware they can construct a secondary suite and further information sharing could help to facilitate additional housing supply on existing properties.
- Participants indicated a desire for **additional information from other islands as to what has been explored in terms of housing solutions** (e.g., secondary suites, tiny homes, ecovillage development). If the Housing Entity were to share successful housing examples from nearby communities with local residents, it may be easier to generate buy-in for a new housing form or approach, as people will be able to see how it was implemented in a similar jurisdiction.



## **WATER**

### **Constraint**

- Participants referenced the challenges experienced in navigating water regulations and permitting. The primary issue identified in multiple interviews is the lack of established standards for multi-unit residential water use. Feedback received highlighted the potential of using rainwater catchment for multi-unit development, yet there does not appear to be a concise framework or guideline document for applicants interesting in exploring this option.
- Feedback acknowledged that water constraints are distinct island to island, yet a clearer water permitting process is needed given how challenging and complex it can be to identify a water source permissible under Vancouver Island Health Authority (VIHA) regulations.
- Groundwater applications can be lengthy, leading to additional cost which may not be manageable for a non-profit housing provider.

### **Opportunity**

- Participants expressed an interest in understanding innovative water solutions. While it was recognized that limited water availability can be an issue on many of the SGIs, participants also felt there was room for more creative problem-solving that is supported by science.

### **Jurisdictional Challenges**

- Feedback outlined the issues that arise when navigating multiple approval authorities. In addition to the Islands Trust and CRD, non-profit housing providers must also work with VIHA and FLNRO pending what sort of water system is being considered. This adds to project complexity and can be difficult to facilitate given capacity limitations.



## Housing Entity Considerations - Water

- Participants suggested the Housing Entity could **pursue coordinated advocacy to provincial agencies** responsible for water usage with the goal of creating a more straightforward water permitting process.
- Participants also felt there may be an opportunity for the Housing Entity to **work with VIHA and FLNRO to develop pamphlets and brochures to communicate what forms of development are possible on which properties**. While a lack of groundwater may be a limiting factor, participants expressed a need for better public education on possible water options if groundwater is not available.
- On Salt Spring Island, participants indicated a **need for increased clarity around the water moratorium**. It was suggested the Housing Entity could work with North Salt Spring Water Improvement District to learn why the moratorium is in-place and the conditions that must be met for removal. Participants wanted to understand if other water sources, such as rainwater catchment, could be used to support new development while the moratorium remains in-place.



# CREATING A PROTOTYPE: CASE STUDY RESEARCH

Based on the feedback received through engagement, our team identified several relevant case studies that demonstrate innovative solutions to the barriers and issues related to the development approvals process on the SGIs. Findings from case study research demonstrate there are not many examples of rural, community-based housing centres—the Housing Entity is a unique solution without many similar examples. Through a scan of recent housing initiatives in comparable jurisdictions, three examples were selected given their distinct approaches to address challenges with the development approvals process. Key findings from the research are provided in more detail below.

## COWICHAN HOUSING ASSOCIATION

The Cowichan Housing Association (CHA) is an independent non-profit that was established in 2015 to increase affordable housing options and to reduce homelessness in the Cowichan Region. The association was created through the efforts of the Regional Affordable Housing Directorate, which is a committee that sits under Social Planning Cowichan. CHA is governed by a Board of Directors under the CHA Board of Directors Policy that provides for Board governance directors' duties, delegation of authority, public communities, Board structure and procedure, responsibilities of the Executive Director, committees, conflict resolution procedures and confidentiality.

CHA aims to build community capacity for increasing housing options and to reduce homelessness through: research and analysis; community development; homelessness prevention programming and facilitating affordable housing development. One of the CHA's primary funding streams is the Financial Contribution Service (i.e., tax) which is administered by the Cowichan Valley Regional District (CVRD). The CVRD Board determines how those funds are allocated, based on recommendations from CHA Advisory Committees.

- CHA presents an Annual Report and Financial Statements along with an Annual Work Plan and Budget before July 31<sup>st</sup> annually to the CVRD that includes:
  - Projects and amount requested for Annual Housing Fund Contribution up to \$500,000
  - Projects and budget for CHA Services and CHA Management and Administration
- The Regional Housing Service is subject to a Financial Contribution Agreement with the CVRD and allocation of funds from the Regional Housing Service is subject to approval from the CVRD Board.

Of the annual Regional Housing Service requisition of \$765,000, the Housing Trust Fund comprises \$500,000. The overarching purpose of the Housing Trust Fund programs is to provide funding support to local organizations for affordable housing projects, from the concept stage to construction or renovation. Housing Trust Fund Programs are comprised of the following:



- **CHA Project Development Fund – 14% (\$65,000)**
  - The purpose of the CHA Project Development Fund is to assist housing developers and community groups that are interested in developing affordable housing to conduct pre-development work<sup>6</sup> that is required to obtain funding from senior levels of government. Priority is given to new construction, and projects that address housing affordability and/or are based on a rent-geared-to-income tenancy model. The maximum funding per application is \$25,000.
- **CHA Rental Housing Capital Fund – 85% (\$425,000)**
  - The purpose of the CHA Rental Housing Capital Contribution Fund is to support the development of new affordable rental housing stock as well as emergency shelters and second stage housing and to enhance community contributions and partnerships in order to leverage funding resources and in-kind services from other funders and service providers. The amount funded may be up to 10% of the overall capital budget of the project.
- **CHA Emergency Contingency Fund – 2% (\$10,000)**
  - The purpose of the CHA Emergency Contingency Fund is to assist low-income residents who are facing or have recently faced a sudden loss of housing, to find accommodations and to assist individuals or households who are unable to access emergency housing, to find temporary accommodation. The maximum grant available to individuals and households is \$1,000 while non-profits and local governments may be eligible for up to \$20,000 depending on need.

In addition to the Housing Trust Fund programs, the CHA also provides planning, research, coordination and housing loss prevention services. Four categories cover the broad spectrum of service needs: CHA Housing Research and Information Hub, CHA Housing Project Development Assistance (HPDA), CHA Strategic Planning, Outreach and Community Capacity Building (SPOC), and Housing Loss Prevention. These programs are profiled in greater detail below:

**The CHA Housing Research and Information Hub will:**

- Maintain a regional housing data base;

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<sup>6</sup> Eligible activities could include but are not limited to: analysis of need and demand for the proposed project, special purpose surveys, preliminary financial feasibility, business plans and operational budgets, incorporation of non-profit, professional appraisal, site surveys, local government fees (for example, rezoning, development agreement costs), and preliminary design.

- Develop a repository of best practices for housing activities including proposal development, housing construction, housing maintenance, and operational practices;
- Investigate innovative housing practices and, where appropriate, the integration of those practices in the region;
- Support ancillary research needed to understand specific local housing needs, or support low-income community building activities (e.g., social enterprises) linked to affordable rental housing;
- Regularly update the Attainable Housing Strategy to facilitate local efforts to develop affordable housing and guide expenditures under the Housing Trust Fund; and,
- Monitor and evaluate affordable housing projects, especially those funded under the Housing Trust Fund.

**The CHA HPDA will assist organizations developing affordable housing projects to strengthen partnerships with various government agencies and to develop housing expertise through the following:**

- Provide information on government funding options;
- Liaise with all orders of government to help local organizations;
- Support affordable rental projects from project development through to construction and to operations, by providing direct support and/or linking housing proponents to regional expertise;
- Build-up expertise within CHA in order to provide local efforts with appropriate best practices;
- Provide tools to local organizations to implement best practices for consultations and communications, and foster positive community engagement;
- Provide information on regional housing consultants, builders, architects and engineers;
- Foster improved understanding of the development process and requirements for obtaining approvals and permits related to local government rezoning, design and building;
- Identify non-government funding sources for affordable housing; and,
- Identify potential partnerships that can assist projects.

**The purpose of the CHA SPOC service is to address the need for education, awareness and advocacy for affordable housing through:**

- Providing public education and information on the benefits and costs of various housing options;



- Providing public forums for housing innovators and external experts and researchers within the Cowichan region;
- Providing public education on the needs of people experiencing homelessness, those at-risk of homelessness as well as the housing needs of other people who experience barriers;
- Fostering collaboration and coordination of housing programs and services within the region;
- Advocating on behalf of local organizations and agencies on housing policies and programs to help foster a better link between funding programs and regional housing needs;
- Disseminating information about CHA's work, including the Attainable Housing Strategy;
- Providing advice, where warranted, on how best to create healthy and sustainable residential communities; and,
- Providing supports for low-income individuals and families seeking affordable housing.

Under the Regional Housing Service housing loss prevention is addressed by the Emergency Contingency Fund. Cowichan Housing Association will continue to develop further resources in partnership with federal and provincial funders to enhance programs and services that aim to prevent housing loss for individuals and households.

## Summary

This case study illustrates the benefits of working directly with the Regional District as the Association has been able to draw on additional funding sources through the Annual Financial Contribution Service. The services provided by CHA are quite similar to those that are needed in the SGIs, which outlines a helpful roadmap to implementation. However, politicians would need to support an initiative to implement a new Financial Service (i.e., tax), and local residents would need to pass a referendum to support higher property taxes. Given there is an existing CRD Regional Housing Trust Fund (RHTF), it may be that there is an opportunity to increase that tax amount to provide additional funds to the SGIs. Currently, the RHTF primarily supports solutions to urban homelessness—SGI communities have not seen investment of these funds in their communities (except for Salt Spring) and there is a desire to explore alternatives with the CRD.

The CHA also operates as an independent non-profit, apart from funding allocation decisions related to the Annual Financial Contribution Service. A similar structure could be established in the Southern Gulf Islands, where an Advisory Committee comprised of one representative from each Island could make recommendations to the CRD as to how funding is allocated.

## CANMORE COMMUNITY HOUSING CORPORATION

The Canmore Community Housing Corporation (CCHC) is a non-profit that was established by the Town of Canmore in 2000. It was created in response to the lack of affordable workforce housing in



Canmore with a mission to bridge Canmore's housing affordability gap through long-term housing options for local workers to rent or own.

Before CCHC was established, Canmore experienced significant challenges with the retention of the workforce population, as many residents had moved to other nearby communities (e.g., Calgary). The loss of workers negatively impacted the economy, ability to maintain business, and affected the social fabric of the community. The Town of Canmore took action and demonstrated leadership by establishing CCHC to address these issues.

CCHC is a non-profit corporation that is solely owned and primarily funded by the Town of Canmore. It has a board of directors, managing director, and in-house staff to support development projects and administer secured housing units. The Town provides strategic direction to the non-profit, as well as financial support through funding and loans. While CCHC is governed by its board of directors, final decision-making authority rests with the Town.

CCHC purchases land from the Town and pursues housing development similar to a private developer utilizing revenue generated from sales to reinvest back into their portfolio. Specifically, CCHC owns the land and units are sold under leasehold tenure with restrictive covenant (i.e., use of land, primary residence) with an optional agreement (restricts future resale of land to 110% CPI, compounded annually).

CCHC's operational funds are generated through the Town's property tax bylaw ('vital homes mill rate'). CCHC prepares a 3-year budget to be funded by property taxes, and the surplus not used by CCHC is set aside into a housing reserve fund. In recent years, the vital homes mill rate generated approximately \$700,000 annually and allocated \$450,000 toward CCHC's operations in 2020 and again in 2021.

## Summary

This case study provides an example of how a non-profit organization can be established as a separate entity from local government, while receiving their financial and strategic support. While similar to the idea of a Housing Authority, this approach would have more of a local, grassroots connection to the SGIs and could be modelled after the Capital Regional Housing Corporation. Ongoing conversations on the SGIs have focused on the idea of creating an SGI Housing Authority, which could take the shape of something similar to the Canmore Community Housing Corporation. This approach would require further discussion with the Capital Regional District and Islands Trust.

## SAN JUAN COUNTY HOME FUND

The San Juan County Home Fund plays a significant role in addressing the County's severe lack of affordable housing. In 2018, voters approved a 0.5% real estate excise tax (REET) specifically to help fund affordable housing. This one-time fee, which is mostly paid by the buyer at the time of a real



estate sale, does not increase property tax. The Home Fund is projected to generate \$15.2 million over a 12-year period to develop, produce, and/or preserve affordable housing in San Juan County. Funds acquired are used exclusively for the development of affordable housing including acquisition, building, rehabilitation, and maintenance of housing for very low, low, and moderate-income persons and those with special needs.

## Summary

While there are jurisdictional differences that arise between the San Juans and the SGIs, the context is similar. The cost of housing has increased significantly in both settings and a lack of affordable housing has begun to threaten the community fabric. Given the SGI Housing Coalition will need to identify a viable funding source, this example provides inspiration of what may be possible, yet it is important to note that legislative changes would be required to implement an additional tax on real estate sales. Revenues from the Home Fund have been allocated to Housing Lopez, Lopez Community Land Trust, Opportunity Council, San Juan Community Home Trust, and OPAL Community Land Trust. A brief summary of OPAL and the recent OPAL project supported by the Home Fund is provided below.

## OPAL Community Land Trust

OPAL Community Land Trust is working to maintain the character, vibrancy and diversity of the Orcas Island community by answering the ongoing need for permanently affordable housing. Their work helps bridge the gap between the island's high property values and the modest incomes of many who live and work on island – people who are vital to the quality of life and community well-being.

OPAL brings together private donations, state and federal grants, low-interest mortgage loans, and many staff and volunteer hours to make stable, permanently affordable housing available to qualifying Orcas residents whose needs are not met by the traditional market. OPAL uses an alternative ownership structure where the land is owned by the community land trust and leased to each homeowner, who must qualify for a mortgage to buy the house. OPAL commits to owning the land in perpetuity.

In most cases, OPAL designs and builds the houses they sell. In some cases, existing houses – either purchased or donated – are renovated (and relocated if necessary). Design, construction, and renovation follow OPAL's green building guidelines so structures are healthy, durable, and energy efficient.

Applicants cannot have income and/or assets that would enable them to purchase a low-priced house in the traditional market. Applicants must be creditworthy and have lived in San Juan County for three years (not the last three consecutive years), unless there is no waiting list.



When an OPAL home is sold, the sales price is determined by a formula in the land lease. The formula is designed to balance equity gain for the owner at the same time that it sets a resale price that is affordable for future buyers.

### **April's Grove Townhomes**

In 2015, OPAL Community Land Trust purchased approximately 4 acres in Eastsound to create an affordable rental community called "April's Grove". Completed in 2020, April's Grove provides 45 affordable rental homes for households with incomes from below 30% to about 120% of Area Median Income (AMI) and for a range of household sizes and ages: from fully ADA accessible units for people with disabilities or seniors to three-bedroom units for families with children.

The project was designed to serve a diversity of need from people who are currently homeless to workers with low wages, and for newly hired employees of non-profit, public or private business establishments. All of the units are townhouses and flats with a ground floor entrance, arranged attractively on a 3.8 acre parcel adjacent to schools, day care, the senior centre and within a quarter mile of the services located in the centre of Eastsound.

Funded in part by a \$1.75 million grant from the San Juan Community Home Fund, as well as Low Income Housing Tax Credits, the Washington State Housing Trust Fund, and many private donations, April's Grove is the largest and most ambitious affordable housing project in San Juan County to date.



# SOUTHERN GULF ISLANDS HOUSING ENTITY

Engagement feedback was provided to the Advisory Group, as well as to staff and politicians from Islands Trust, Province of BC, VIHA, and CRD during a virtual workshop in mid-May. Through these discussions, the Advisory Group discussed how to refine the Stage 1 CMHC Housing Supply Challenge application and outlined modifications to the Housing Navigator Service. Building from their initial proposal, the Advisory Group identified the need to create a more fulsome Southern Gulf Islands Housing Entity, which would be a dedicated non-profit housing centre capable of assisting applicants with the development approvals process, while also providing research, education, capacity-building, and advocacy support services. The parameters of this Housing Entity are explored in more detail below.

## ROLE

The SGI Housing Entity would be a resource centre for individuals and organizations pursuing development of new housing on the SGIs. Further discussion is needed to determine the name of this Housing Entity; preliminary discussions show support for “Salish Sea Housing Council”. It is important to recognize the Housing Entity would provide services and support to island communities in the Southern Gulf Islands Electoral Area (Mayne Island, Galiano Island, Saturna Island, North & South Pender Islands) as well as Salt Spring Electoral Area (Salt Spring Island). Further discussions are also needed to determine if the Housing Entity has a physical office space as the merits of a virtual based platform were noted by Advisory Group members. It was seen to be important for the Housing Entity to have a physical mailing address, suggested to be located on Pender Island, possibly at the Community Resource Centre.

The primary functions of the Housing Entity would include:

- **Act as a navigator / concierge for applicants;**
- **Liaise with Islands Trust, Capital Regional District, Vancouver Island Health Authority, BC Housing, Canada Mortgage and Housing Corporation, Canada Revenue Agency, and other government entities;**
- **Provide professional services to support applicants and government through the development approvals process;**
- **Research, education, and advocacy;**
- **Relationship building with First Nations;**
- **Coordinate the collection and dissemination of shared information, templates, and forms;**
- **Pilot an application intake portal system; and**



- **Develop, manage, and deliver affordable housing.**<sup>7</sup>

Principally, Advisory Group members identified a need to **support applicants through the development approvals process**. Advisory Group members outlined important skillsets for future Housing Entity staff, including **experience with development, financials, land use and planning, and fundraising**. In order to assist applicants navigate the development approvals process, it was understood that staff at the Housing Entity would be able to “hand-hold” applicants through the various stages of development, such as funding applications, proforma analysis, liaising with senior government, and other relevant tasks. By having these professional services embedded in the Housing Entity, non-profit housing societies would be able to access free, helpful supports.

Feedback from engagement also outlined the need to **improve the development approvals process**, which is something that the Housing Entity could help facilitate with senior government. In addition to assistance with the approvals process, feedback offered also focused on the need to share research and best practices across the SGI communities to enhance public education around innovative housing approaches. The Tourism Partnership has connected with Small Housing BC, another short-listed proponent under CMHC's Housing Supply Challenge, to determine how the Housing Entity could share key takeaways from the Gentle Density Housing (GDH) Accelerator. This interactive web tool is designed to promote the uptake of gentle density housing in communities across British Columbia and the different practices and approaches highlighted would be applicable in the SGI context.

**Meaningful relationship building with First Nations communities** was identified as a core component of the Housing Entity's role. While initial outreach to First Nations communities was undertaken during this phase of work, it was recognized by many that more time is needed to develop meaningful relationships. Participants interviewed recognized the barriers associated with participation and outlined the need for adequate compensation to accompany any outreach.

There is also an opportunity for the Housing Entity to **pilot an application intake system portal system** currently being developed by AECO Innovation Lab Inc. as part of CMHC's Housing Supply Challenge. In addition to supporting applicants through the development process, feedback from participants stressed the need to improve or change the approvals system given its many complexities and hurdles. By using AECO's technology and working with the CRD and Islands Trust, the Housing Entity could test a different development approvals mechanism.

## GOVERNANCE

The Advisory Group has defined the SGI Housing Entity as a grassroots, community-based non-profit housing centre, with its governance structure reflecting the many communities that form the Southern

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<sup>7</sup> It is not anticipated the Housing Entity would develop, manage, and deliver affordable housing in the short-term; however, it is possible that this could comprise a core function of the Entity at some point in the future.



Gulf Islands region. Based on feedback offered from Advisory Group members, the Housing Entity is envisioned as a **standalone non-profit housing society**. It may be that this non-profit housing centre has a contractual funding agreement with the CRD, but further discussions are needed both internally and with the CRD to define this relationship in more detail.

By maintaining independence from the CRD and Islands Trust, it is envisioned the Housing Entity would be able to **pursue other funding sources from a variety of agencies and authorities**, which can sometimes be challenging if there are existing relationships with senior government. Advisory Group members outlined **flexibility and financial independence** as important components of a successful and effective governance structure.

While additional dialogue is needed to define Board composition, it was suggested the Board of this non-profit comprise **representatives from SGI housing societies in addition to local First Nations**. Other advisory committees could be created to ensure those involved with housing on the SGIs can continue to provide feedback on implementation. It was recognized **ongoing dialogue is needed** with the CRD, Islands Trust, VIHA, Province of BC, and BC Housing to streamline the development approvals process. The Housing Entity was identified as a suitable body to convene these conversations on a frequent (i.e., quarterly) basis.

## FUNDING

Funding received through CMHC's Housing Supply Challenge will help support the creation of the Housing Entity, primarily through the hiring of designated staff to manage the non-profit housing centre. Beyond Stage 3 funding, feedback received from Advisory Group members outlined several possible funding sources that require further discussion with CRD and the Tourism Partnership to finalize. It is anticipated operating agreements and possible MOUs will be needed to ensure sufficient funds are allocated in support of Housing Entity operations over the long-term. Possible funding sources include:

- **Contract services with CRD.** Similar to the relationship between the Community Economic Sustainability Commission (CESC) and Community Resource Centre, funding could be allocated from the CESC's (both the Southern Gulf Islands CESC and Salt Spring Island CESC) toward the new Housing Entity.
- **Grants.** Advisory Group members outlined the opportunities that may be available through the pursuit of other grants or funding available through senior government or other foundations or agencies, such as the Federation of Canadian Municipalities, CRD, CMHC, or BC Housing.
- **Regional Housing Trust Fund (RHTF).** The SGI communities pay into the RHTF but do not see these funds re-invested in their communities (apart from Salt Spring Island). It is understood a review of the RHTF is planned for 2022 and there is an opportunity to advocate for a dedicated rural, island funding stream from the RHTF revenues to support housing projects on



the SGIs. Should revenue from this fund be insufficient, Advisory Group members recommended this tax be increased or expanded to ensure sufficient funds are available to support housing initiatives across the SGIs.

- **Online Accommodation Platform Municipal and Regional District Tax (OAP MRDT).** OAP MRDT revenue consists of new MRDT revenues collected from online marketplaces that facilitate transactions for renting short-term accommodation and typically list secondary suites, individual rooms, or other forms of accommodation. These funds are currently collected by the Tourism Partnership and could be at least partially re-allocated to the Housing Entity, as per direction from the Advisory Group.
- **Social enterprise.** The Housing Entity could explore alternative, innovative funding models based on social enterprise or other community investment fund approaches piloted successfully in other communities.
- **Voluntary reconciliation tax for property owners.** Similar to the voluntary tax introduced in Victoria, the Housing Entity could advocate to senior government for a new voluntary reconciliation tax to be applied to interested property owners. The revenues from this fund would be directly allocated to Indigenous housing initiatives.
- **SGIs as taxable region under provincial speculation and vacancy tax.** Advisory Group members suggested the Housing Entity advocate to the provincial government for the inclusion of the SGIs as a taxable region under the speculation and vacancy tax. Currently, the funds from this tax are allocated to general revenue, which would then need to be specifically allocated to the SGI Housing Entity.
- **Establish real estate excise tax.** Similar to the model in place in the San Juan Islands, a real estate excise tax was of interest to Advisory Group members. This would also require advocacy to the provincial government and could be modelled after the San Juans approach, which is a 0.5% tax on all real estate sales. Proceeds of the tax are used exclusively for the development of affordable housing including acquisition, building, rehabilitation, maintenance, and operation of housing.



## IN CONCLUSION

The information provided in this report can be used to inform the Tourism Partnerships' application to CMHC's Housing Supply Challenge. It is anticipated further engagement will be needed with senior government through 2022 to continue a collaborative dialogue around potential housing solutions. The momentum developed with this project is evident and can continue to generate innovative ideas and productive discussion. It is recommended the Tourism Partnership and Housing Coalition continue to harness this energy over the next few months, regardless of the outcome of the Housing Supply Challenge.



# APPENDIX A

## Engagement Contacts



Engagement Activity	Organization
<b>On-eon-One Interviews</b>	BC Housing, Development Manager
	Blue Visa Resort, Owner
	Capital Regional District, Galiano Island Liaison
	Capital Regional District, Manager of Service Delivery (Southern Gulf Island Electoral Area)
	Capital Regional District, Mayne Island Liaison
	Capital Regional District, Saturna Island Liaison
	Capital Regional District, Senior Manager (Salt Spring Island)
	Dragonfly Commons, Property Owner
	Galiano Affordable Living Initiative Society, Board Member
	Islanders Working Against Violence, Executive Director
	Islands Trust, Executive Committee Chair
	Islands Trust, Galiano Island Trustee
	Islands Trust, Island Planner
	Islands Trust, Island Planner (Salt Spring Island)
	Islands Trust, Mayne Island Trustee
	Islands Trust, North Pender Island Trustee
	Islands Trust, Regional Planning Manager
	Islands Trust, Regional Planning Manager (Salt Spring Island)
	Islands Trust, Salt Spring Island Trustee and Vice - Chair for Executive Committee
	Islands Trust, South Pender Island Trustee
	Islands Trust, Trustee and Alternate Director
	Local Advocate
	Malahat First Nation, Executive Director of Infrastructure & Capital Projects
	Mayne Island Housing Society, Board Member
Member of the Legislative Assembly for Saanich North and the Islands	
Pemberton Holmes Real Estate, Local Developer and Former Islands Trust Trustee	



Engagement Activity	Organization
	Pender Islands Housing Society, Board Member
	Rob Fenton Law Corporation, Lawyer and Housing Developer
	Rural Islands Economic Partnership, Founder (also Chair of the Salt Spring Island Community Economic Sustainability Commission)
	Salt Spring Cheese, President
	Salt Spring Island Community Economic Sustainability Commission, Director
	Southern Gulf Islands Community Resource Centre, Chair
	Southern Gulf Islands Tourism Partnership Society, President
	SSI Water Protection Alliance, Operations Director
	Tofino Housing Corporation, Executive Director (also a Regional Planning and Housing Consultant, Salt Spring Island Land Trust Initiative Member)
	Tsartlip First Nation, Director of Capital Projects
	Tsawout First Nation, Housing Manager
	Wilco Construction, Owner
	Wiser Projects, Principal Owner
	Workshop Event
Capital Regional District, Manager of Building Inspection	
Capital Regional District, Manager of Southern Gulf Island Service Delivery	
Capital Regional District, Senior Manager of Real Estate & Southern Gulf Islands Initiatives	
Capital Regional District, Senior Manager of Regional Housing	
Island Health, Environmental Health Officer (Salt Spring Island)	
Island Health, Healthy Built Environment Consultant	
Islands Trust, Lead Housing Planner	
Islands Trust, Southern Gulf Islands Regional Planning Manager	
Islands Trust, Trustee (also Capital Regional District Alternate Director for Southern Gulf Islands Electoral Area)	
Member of the Legislative Assembly for Saanich North and the Islands	
Ministry Office of Attorney General and Responsible for Housing, Manager, Strategic Housing Policy	



Engagement Activity	Organization
	Salt Spring Island Community Economic Sustainability Commission, Director
	SGI Housing Coalition, Member (also Executive Director of IWAV)
	SGI Housing Coalition, Member (also President of the Mayne Island Housing Society)
	SGI Housing Coalition, Member (also Vice Chair of The Rural Islands Economic Partnership)
	Southern Gulf Islands Tourism Partnership Society



# **APPENDIX B**

## **Wiser Projects Report**

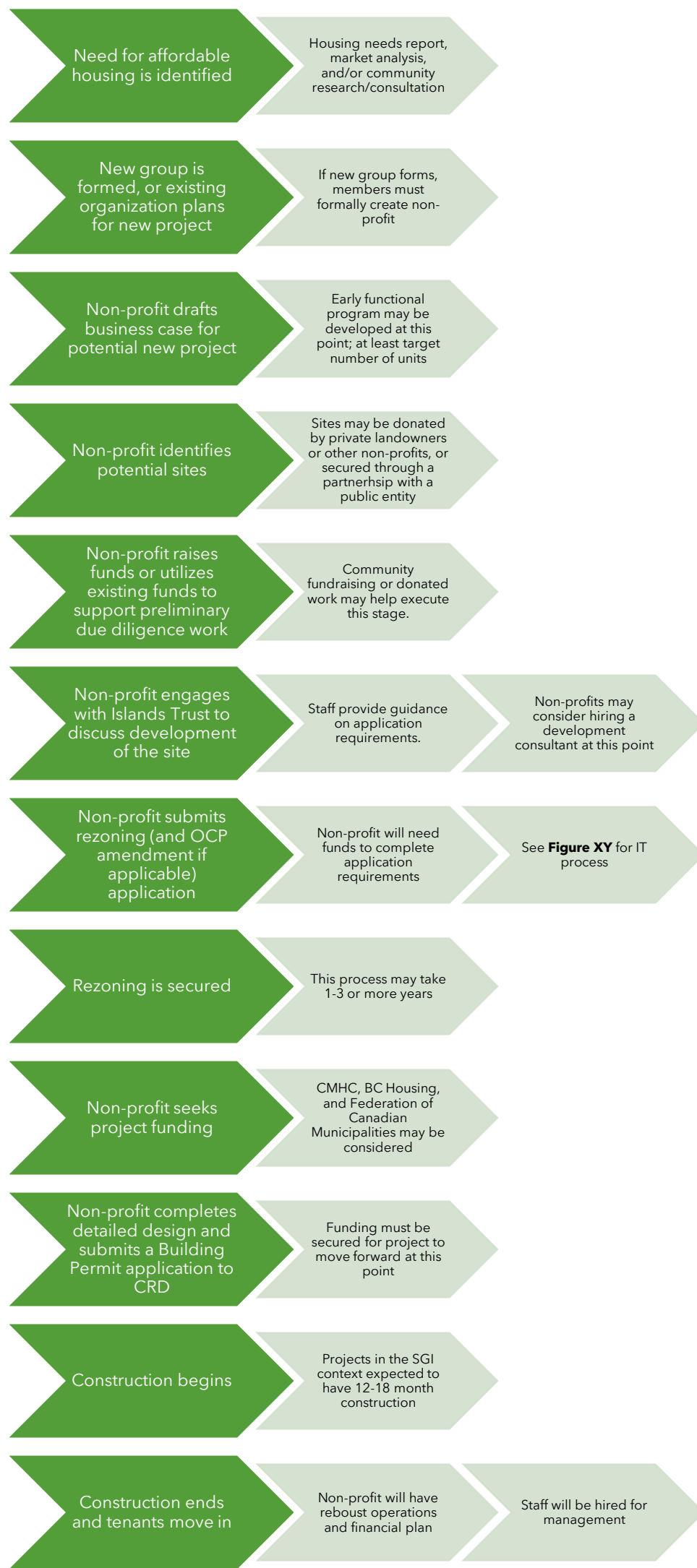
## Introduction

The following components intend to inform the larger Southern Gulf Islands Housing Coalition efforts being undertaken to explore solutions to the barriers and opportunities to realize additional housing in the Southern Gulf Islands, which falls under the Islands Trust and CRD jurisdictions. For the purpose of this project, the Southern Gulf Islands are five islands within the Islands Trust, including Mayne Island, Galiano Island, Pender Islands, Salt Spring Island, and Saturna Island. These islands are also currently organized into two Electoral Areas within the Capital Regional District. Wiser Projects, is actively engaged in supporting two non-profits in the Southern Gulf Islands (SGIs) Electoral Area through affordable housing development, while other members of the team are active on the other islands. Through this work, the team has been exposed to the housing landscape in the region and have experienced the unique conditions in the SGIs. This document aims to communicate these experiences, with recommendations towards policy or process improvements that may create a more supportive environment for the realization of affordable housing units.

## Process Overview

Affordable Housing Project Non-profit project road map

Non-profit housing development on the SGIs is driven primarily by small, grassroots, volunteer groups along with a few more established non-profit organizations. **Figure 1** provides an overview of a typical process for a non-profit society developing affordable housing on the SGIs.



**Figure 1: Non-Profit Housing Development in the SGIs**

The approvals process involves many authorities is challenging to navigate and difficult for grassroots organizations to comprehend. The table below provides a broad overview of the approvals required for a typical project. It is recommended that this table be expanded with additional details to help proponents and stakeholders understand the complexity of the process.

**Table 1: Approvals and Responsibilities**

Project Stage	Approval Required	Responsible authority	Supporting Authority	Notable requirements
Pre-development	Funding	BC Housing; CMHC; FCM; Vancity; Local Foundations and Philantropists		Required to fund Islands Trust/approval processes
	Ground or Surface Water License	FLNRO		Hydrogeological report
	Septic	VIHA		--
	Community Water System Connection	Local Improvement Districts or CRD		
	Community Sewer District Connection	CRD		
	Hydro Power Connection	BC Hydro		
	Rezoning	Islands Trust		Referral process: Indigenous governments, Provincial entities such a MOTI, FLNRORD, VIHA; and regional referrals such as Fire, etc.  Housing Agreement  s.219 Covenant, may include several restrictive conditions

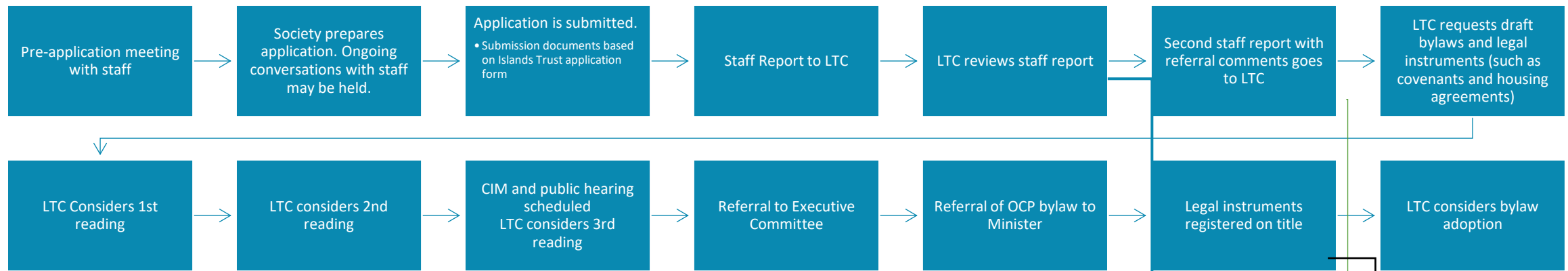
<b>Development</b>	Funding	BC Housing; CMHC; FCM; Vancity; Local Foundations and Philantropists	Required to fund Islands Trust/approval processes
	Subdivision	MOTI	Referral to Islands Trust
	Development Permitting for Form and Character, Environmental	Islands Trust	Design, Engineering and/or Environmental Reports such as RAR and Geotechnical Studies, Stormwater Management Plans, Architectural and/or Landscape Design Plans
	Funding	BC Housing; CMHC; FCM; Vancity; Local Foundations and Philantropists	Required to fund Islands Trust/approval processes
<b>Construction</b>	Building Permit	Capital Regional District	--
	Construction Financing	BC Housing; CMHC; Vancity; private	Usually required to demonstrate building permit to access construction financing
<b>Completion</b>	Occupancy Permit	CRD	--

**Islands Trust Regulatory Road Map**

<https://islandstrust.bc.ca/document/schedule-a-bylaw-amendments-rezoning-application-form/>

After an organization makes the decision to pursue an affordable housing project, secures a site, and prepares a project concept/vision, they must pursue the rezoning process through the Islands Trust. This process will create the most uncertainty for the organization and is typically long - anywhere from 8 months to multiple years - and political. Further, the process of rezoning itself has such little certainty and clarity on purpose and requirements that the concept of undertaking a rezoning is a barrier in itself.

**Figure 2** demonstrates the process in a flow chart form. That figure is summarized below.



Additional requests may include:

- Iterative reviews of S.219 and housing agreements
- Iterative review of technical documents such as hydrological reports
- Public may engage at anytime from the initial staff report through to Bylaw adoption through letter writing, meeting directly with trustees/staff, and presenting through delegations and Town Hall sections of LTC meetings.

Minister may request more information or consultation

Referrals to other agencies (First Nations, APC, etc.)

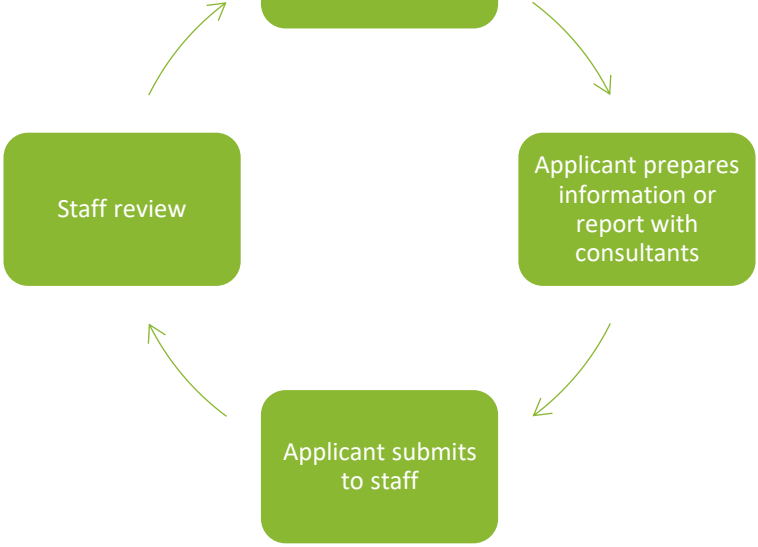
Additional information/reports may be requested

Request additional information or reports

Staff review

Applicant prepares information or report with consultants

Applicant submits to staff



**Pre-Application:** Applicant meets with staff and prepares an application. Based on the Islands Trust rezoning application form, the only submission requirements are a completed application form, a site plan drawn to scale; a written description of the existing and proposed uses and buildings; justification for the bylaw amendment; Schedule 2 Site Disclosure Statement; and a Terms of Reference if applicable.

In preparation for the pre-application meeting with staff, applicants should:

- Review (?) Understand (?) Islands Trust Policy Statement, Official Community Plan and Land Use Bylaw
- Check the Title Certificate to understand any title charges that may affect the proposal
- Confirm requirements of other government agencies, which may include:
  - BC Building Code
  - Ministry of Transportation
  - Ministry of Forests, Lands, Natural Resource Operations and Rural Development
  - Ministry of Environment and Climate Change
  - Local health authority
  - Ministry of Agriculture

Applicants may, and are sometimes encouraged, to conduct public consultation with neighbouring property owners through an open house or public meeting. This is a separate event and is not associated with the Community Information Meeting (CIM) that the Islands Trust requires and sponsors later in the process.

**Rezoning Application is submitted** once all of the documents are prepared. Staff review the application and write a staff report that is presented to the Local Trust Committee (LTC) meeting, which typically happen once monthly. In parallel to this, the application is also referred out to other relevant bodies, such as First Nations, Advisory Planning Commission, and other agencies. The turnaround on referrals is 60 days. Once comments are received from referral agencies, staff write a second report with referral comments, which is presented to the LTC at a meeting. From here:

- The LTC can request **additional information or reports**. Once additional information is provided, staff provide a staff report at an LTC meeting for further direction.
- The LTC can request **draft bylaws and legal instruments** (such as covenants and housing agreements) to be drafted.
- LTC considers the draft bylaw at **1<sup>st</sup> reading**.
- LTC considers the draft bylaw at **2<sup>nd</sup> reading**.
- LTC directs staff to schedule a **CIM** and a **Public Hearing**
  - A **CIM** is not a statutory requirement but a requirement of Islands Trust. It is typically held on a weekend and allows the applicant to provide information to the public, and for the public to ask questions of the applicant
  - A **Public Hearing** is a statutory requirement where the public can voice their support or opposition for a project. The LTC must consider these comments in their decision-making.
- The LTC considers the draft bylaw at **3<sup>rd</sup> reading**
- Legal instruments are finalized

- The application and draft bylaw is referred to the Executive Committee (for Island Trust Policy Statement compliance)
- The draft bylaw gets referred to the **Minister of Municipal Affairs**
  - The Minister may **request additional information or consultation**
- Legal instruments get registered on title
- The LTC considers bylaw adoption

At the last stage (bylaw adoption), the LTC votes to either adopt or reject the bylaw.

## Experience with Housing Applications within the Islands Trust

The procedural rezoning process with Islands Trust is similar in many ways to in other jurisdictions in BC, with the notable exception of the draft bylaws being referred to the Minister of Municipal Affairs and subsequent approvals (Building Permit) are approved by another agency (in this case, CRD).

However, the actual experience of affordable housing projects seeking rezoning demonstrates that they rarely follow the typical process. The unique challenges are outlined in Table 2 and the following commentary summarizes how those challenges impact the process.

**Applications may be discussed at LTC meetings several times.** The LTC may request additional information many times before deciding to move a project forward to 1<sup>st</sup> reading, 2<sup>nd</sup> reading, or public hearing. Projects tend to get “stuck” in this phase before a public hearing is scheduled, where the LTC request iterative rounds of information.

While the Islands Trust does have the power to designate **Development Permit Areas** and require Development Permits, it is not common practice as it is in municipal settings. For example, SSI undertakes DPs and DPAs, but it is inconsistent across other islands. Existing Development Permits such as those on Salt Spring Island, are often out of date and don't follow current common practice. Compounding the problem, this can lead to additional Variance Applications to respond to modern circumstances like climate friendly design and cost-efficiency. This results in the Islands Trust seeking more certainty in project details at the rezoning stage, which typically would not be required. Details requested may include:

- Form and character
- Stormwater management
- Geotechnical
- Environmental

This adds a significant financial burden to the applicant, without the certainty that having a secure rezoning provides.

**Legal mechanisms** (such as a housing agreement) have delayed projects significantly, through disagreements over content and through lengthy revisions. These have also added significant costs to projects given proponents must cover their own and often Islands Trust legal reviews of these documents.

## Impacts of process

The Islands Trust process attempts to provide oversight on a wide range of development considerations. While this stems from the “preserve and protect” mandate and from an attempt to minimize disruption on the islands, it creates real and significant barriers to the success of affordable housing projects.

**Table 2: Impacts of process challenges**

<b>Impact</b>	<b>Source</b>	<b>Details</b>
<b>Financial cost</b>	Slow approval time, iterative process, escalating application requirements	While submitting an initial rezoning application requires minimal documentation, the escalation of report and information requirements increase costs substantially. Iterative reviews of documents such as Housing Agreements and water reports create cost escalation. This, in combination with the difficulty in securing predevelopment funding, makes a successful rezoning a difficult task.
<b>Funding risk</b>	Slow and uncertain approval time; legal constraints sought by Islands Trust (such as restrictive housing agreements)	Funders of affordable housing projects seek as much certainty in project success as possible. This includes municipal approvals, especially approvals with a political component such as rezonings.
<b>Access to land</b>	Uncertain approvals process	Grassroots societies often rely on land donations that are contingent on rezoning. Organizations may spend considerable time, resources, and funds on a rezoning application, and if it is not successful or excessively delayed (?), they may lose their security on that land.
<b>Board/volunteer burnout</b>	Slow approval time; unclear approvals process; public pressure and understanding	Much of the early stages of these projects are accomplished through significant volunteer hours of the board or members of non-profits. The sheer amount of work, in combination with lack of capacity, can lead to board burnout and, as a result, a decrease in capacity of the organization.

# Constraints and Challenges on the SGIs

There are a variety of unique considerations when working within the SGI housing context. The following challenges and constraints have been identified through the project team’s collective experience in the SGIs. These have been used to inform the creation of a tool that acknowledges the challenges while suggesting policies or procedures that could improve the experience, based on lessons learned in other jurisdictions. For the purposes of this report, this tool is considered a ‘conceptual roadmap.’ (see section ##)

## Environmental constraints

The SGIs are a unique environmental and ecological context for development. Sites are often not serviced with sewer or water, for example, and therefore must plan for septic fields and wells. Sites are often varied in topography, ground and tree cover, and often lack appropriate road access, requiring further due diligence requirements and costs. The provision of water, and appropriate identification of sources, is known to be one of the largest real and perceived barriers to new development. Infrastructure requirements are fundamentally different than in incorporated municipal areas, as are the policies, bylaws and processes that govern them.

**Table 3: Environmental Constraints**

Challenge	Details
<b>Rural conditions</b>	<p>Sites are often not serviced with sewer or water, requiring special consideration and studies for well and septic requirements. These also add a layer of approvals and regulations for water and sewer and impact site planning.</p> <p>The additional costs these rural conditions bring cannot be understated, and add additional barriers to the deliver of non market housing in the pre-development through to construction stages.</p>
<b>Water/drought</b>	<p>The unique ecological and infrastructure context of the SGIs means that water supplies are more limited than urban areas on Vancouver Island or the mainland. With no large municipal or regional reservoirs, drought in the summer months is common and care needs to be taken to ensure the viability of private wells, shared surface water resources and other community water systems.</p> <p>There are significant limitations to existing water resources and systems on the islands – making hookups and even applications to access these resouces unavailable within the current context. A significant example is a 2014 moratorium imposed by the North Salt Spring Waterworks District that severely restricts multifamily development on Salt Spring Island.</p> <p>Public perception of water availability can also impact projects, with high concerns for water supply viability and ecological health, sometimes without quantative evidence or despite expert opinions.</p>

	While there is widespread community support for rainwater harvesting for potable water and domestic uses, costs and regulatory barriers continue to inhibit rainwater as a feasible solution for affordable housing.
<b>Construction supplies and labour</b>	Both labour and supplies typically need to be brought in from off-island, and the financial and time costs of ferrying people and supplies can increase costs of the project significantly, limit available materials and products, and increase the carbon footprint of a project. Specifically, skilled labour that experience in multi-family or higher building code requirements are even harder to find than general labour. Public funders such as BCH and CMHC often require fixed-fee contracts such as CCDC-2 which is often a barrier to construction managers and trades who seek cost accommodation for travel expenses and time. Not being able to provide this type of cost certainty to funders adds additional risk to funding these projects.

### Capacity within the non-profit housing sector

Historically, the housing sector on the SGIs has been driven by individual landowners and developers or small-scale subdivisions. Multi-family and secured rental housing are rare on the islands, and the groups who are currently pursuing the development of affordable rental housing on the islands are largely volunteer-driven by local residents of the islands.

The table below summarizes the challenges of this approach within the SGI context.

**Table 4: Capacity in Housing Sector**

<b>Challenge</b>	<b>Details</b>
<b>New/young non-profit groups</b>	Current pursuits for affordable rental housing on the 4 smaller islands are predominantly being driven by new non-profit groups formed by volunteers with the purpose of developing housing. As these groups are largely made up of island residents, participants may not have experiencing in housing development or management. Funders often require, or at a minimum prioritize, a certain level of expertise or experience in housing operations.  Although there are a few more established non-profit groups on Salt Spring Island, these organizations are small and still require external expertise to manage development projects.
<b>Lack of in depth in development sector</b>	As the majority of the existing housing on the SGIs was built by individual landowners, there is a limited development industry and what exists is more focused on single-family home construction and custom homes. This gives little chance to the non-profit groups for learning from industry experts.
<b>Lack of experience and understanding from professional and political participants</b>	Islands Trust is a unique regulatory and governance body. The Local Trust Committee (LTC) functions as the decision-making authority for land use and is an elected body of 3 members for each island or trust area. The elected officials may have little knowledge of land use, the housing market, and environmental considerations, but have the authority to request a range of

reports and supporting documents before proceeding with applications. Staff often lack the professional experience and in-house expertise to provide appropriate and valuable technical reviews of documents – such as hydrogeological reports, legal agreements, etc. This can result in continually iterative reviews, taking time and money, and in appropriate information requests that are not relevant or add any value to the goals or outcome of the projects.

There are a few well-established non-profit organizations with paid staff and experience in housing development on Salt Spring and Pender islands. While these organizations benefit from having completed projects and existing assets they are often stretched thin as small-scale social service organizations that are delivering other programming such as outreach and counselling services, food programs, tenant services, etc. Additionally, projects are often completed infrequently – sometimes more than 10 years apart – due to the barriers identified in this report, resulting in loss of institutional knowledge, staff expertise and external relationships that were acquired when the projects were developed.

### Resources

The scale of projects that fit the context of the SGIs is typically small and may range from 4-10 units in size on most SGIs and up to 30 units on Salt Spring Island. The smaller scale of the projects, and of the community themselves, can pose challenges to development as summarized below.

**Table 5: Resource Constraints**

Challenge	Details
<b>Financial</b>	Smaller projects can sometimes be less appealing to funders such as BC Housing, as there is less economy of scale. Some costs, such as site servicing and pre-development costs, are relatively high even the scale of a project is smaller. These projects do not necessarily contribute as significantly to the 'number of new units' the Province or Federal government are targeting.
<b>Volunteer Boards and capacity</b>	The lack of resources and funding mean that projects may be pushed forward by volunteer boards, with limited access to staff and/or consultants. This can lead to inefficient processes and burnout.
<b>Conflicts of interest</b>	The nature of small communities means that staff and/or elected officials may have conflicts of interest with the projects or societies. The projects, and support or opposition for them, may get "personal" as it can be difficult to set boundaries within small communities.

### Community understanding and perception

As mentioned previously, community understanding, and public perceptions can influence the political process of a project. Even when there is a common understanding that

affordable housing is needed, a small but vocal minority can impact the decision-making process. Below are common perceptions

**Table 6: Community Perception Constraints**

Challenge	Details
<b>There is no problem</b>	People may not see that there is a need for affordable housing and feel that the islands are already at capacity of residents.
<b>This is not our problem</b>	<p>People may feel like affordable housing is needed elsewhere but not on in the SGIs, that there are other players responsible for it such as CRD and the larger urban centres.</p> <p>There is a perception communicated that Islands Trust does not have a responsibility for housing current or potential residents.</p>
<b>This is not the right site.</b>	People may support housing in principle but may be unhappy with the site proposed, for a variety of reasons. While it is important to listen to community concerns, any proposed site is likely to have detractors who feel it is the wrong location for affordable housing.
<b>Affordable housing is... (definitions)</b>	People may make assumptions about what affordable housing is and who it serves. This may include hard to house, the homeless, people struggling with mental health or addiction, etc. This may influence their position on the project.
<b>Approval processes</b>	Lack of understanding regarding IT approval processes, jurisdiction, and priorities, especially in relation to other levels of government.
<b>General understanding of challenge, process, and project</b>	While all housing and affordable housing projects in any community face misconceptions about process, motivations, impacts, what affordability means and who the housing is meant for, these perceptions can be heightened in the context of the SGIs/smaller communities. That, in combination with the governance model of the islands where residents commonly speak publicly at LTC meetings, means that the voices of a vocal minority may have real-world impacts and delays on projects.

## Housing need/lack of supply

The SGIs are situated in a unique environmental, regulatory, and cultural context. The combination of the community valuing unclearly defined rural character, lack of uniform or multi-family development in the past and perceived and actual environmental constraints are competing with the demonstrated housing need and demand.

**Table 7: Housing Constraints**

Challenge	Details
<b>Lack of infrastructure/planning</b>	While it varies from island to island, there has been less formal planning (comprehensive planning, village/town centres, higher density suburbs) than in more proactively planned communities. This results in multi-family projects that have higher infrastructure or planning needs or direction become points of conflict or triggers for larger strategic conversations.

<b>Community need vs acceptable development</b>	Housing Needs Assessments were completed for the Southern Gulf Islands (2018) and Salt Spring Island (2020). These documents helped shine a light on the extreme need for affordable rental and affordable home ownership projects but do not suggest how to address the need. Reconciling quantitative data with qualitative considerations for how and where (and if) to supply affordable housing is difficult.
<b>Data around housing supply challenges</b>	Housing data and benchmarking on the SGI is severely lacking which creates a barrier in properly educating the public and decision-makers, substantiating policy and regulatory changes and completing studies to support individual projects and initiatives. There is essentially no tracking of the rental market and no comprehensive collection and aggregation of affordability indicators. In the absence of local quantitative data, BC Housing, CMHC, lending institutions and others apply data and use HILS and other benchmarking from Greater Victoria and Vancouver Island - even though we know through abundant qualitative information and locally completed research that rents, vacancy rates, the affordability gap are different on the SGIs.

## Opaque approvals process and authorities

One of the biggest challenges of building affordable housing in the SGIs is the lack of clarity on the approvals process and timelines. This lack of clarity stems in part from the challenges outlined above, from the unique regulatory and environmental context, and from a lack of precedent and capacity in developing affordable housing on the islands.

**Table 8: Approvals Process constraints**

<b>Challenge</b>	<b>Details</b>
<b>Lack of clarity on application requirements</b>	The Islands Trust website and rezoning application form do not indicate the extent of work needed, nor does it indicate an expected timeline for rezoning of projects. The nature of the governance model of Islands Trust means that the scope of a rezoning application can continue to grow based on requests from individual trustees, often influenced by small opposition groups at various junctures in the process.
<b>Lack of clearly communicated timelines</b>	A lack of communicated timelines on application processes leads to uncertainty on all sides, including the public perception of process and transparency. Given the non-profit work is often contingent on public funding, a lack of timelines for responsiveness, approvals and communications leads to funding challenges both in securing as well as reporting on funds. Further, responsiveness from staff on proponent information requests impacts consultant time, availability, and costs significantly, as does continually iterative requests that may occur on an ad-hoc basis.  Staff support of permit applications can also be poorly communicated. Applicants sometimes learn if staff support their

	<p>application only once the public agenda package is published. This can lead to non-profits having to “scramble” to respond to newly revealed concerns before a public meeting, unanticipated retraction of the application and/or adversarial relationships with staff that could have been avoided with better communication.</p>
<p><b>Multiple layers of government jurisdiction</b></p>	<p>Development projects require approvals from multiple agencies and jurisdictions. Beyond rezoning applications which go through the Islands Trust, projects may need to consider:</p> <ul style="list-style-type: none"> <li>• Building permits secured through the Capital Regional District (CRD)</li> <li>• Ministry of Transportation and Infrastructure (MOTI) applications for subdivision and site access approval</li> <li>• Vancouver Island Health Authority (VIHA), CRD or Community Water Districts approvals for potable water</li> <li>• Sewer District approval for wastewater (Salt Spring Island)</li> <li>• Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRO) for water licensing</li> <li>• Ministry of Environment (MOE) and/or Department of Fisheries and Oceans (DFO) for riparian area work</li> <li>• Agricultural Land Commission Approval for uses and activities within the ALR</li> </ul>
<p><b>Lack of clarity on roles and responsibilities</b></p>	<p>The governance model and decision-making process can be unclear and drawn out, where roles between Trustees and staff is unclear. Trustees often defer to staff for their professional opinion, but staff take direction from Trustees. This can result in a circular process and confusion on the part of housing providers in next steps and clear requirements</p> <p>Some requests from the Islands Trust have also duplicated work that falls within other jurisdictions. For example, water use (quantity) is regulated by FLNRORD and water safety and systems are regulated by VIHA.</p> <p>On Salt Spring Island, applications are often referred to the Advisory Planning Commission, Advisory Agricultural Planning Commission and numerous local community groups for comment without clear indications why this input is needed or how it will inform decision-making. This adds time, confusion and often frustration for both the applicants and reviewing bodies. Without clarify of purpose, applicants often spend resources outreaching to these various groups to gain their support even though many/most are volunteer groups without any specific professional expertise - often advocating for their personal preferences rather than adding technical rigour to the review process.</p>
<p><b>Lack of precedent and capacity</b></p>	<p>Despite decades of research and reporting by the Island Trust on the need for more housing options, there has been very little implementation of recommendations that would ease and/or incentivize non-profit housing development. There are not robust, clear, or specific policies or procedures for ensuring the production of affordable housing. Multi-family development is rare on the Islands, meaning that staff and Trustees have less experience in reviewing and processing these applications. There</p>

	have also been few precedents for successful affordable housing projects that may be replicated.
<b>Lack of education of decision-making authorities</b>	Because LTCs are small bodies, and elected officials are drawn from small communities, it is likely that Trustees will have little or no previous experience with housing development, affordable housing, development approvals, and related topics such as stormwater management or ecological impacts.
<b>Long approvals process</b>	The lack of clarity and iterative process of submitting information to the LTC and slow turnaround time from staff increases risk and costs to applicants. The regulatory framework of the Islands Trust also requires applications to be referred to the Executive Committee and the Minister of Municipal Affairs, which can further delay the project and is an added layer of complexity compared with municipal rezonings.
<b>Small decision-making body</b>	The nature of a 3-person elected body, with 2 members being elected from the small island community/trust area, can be subject to conflicts of interest and a concentration of power into 1 or 2 members. There can also be a mismatch and sense of injustice when trustees from islands with very low or seasonal populations make or break planning decisions on more populated islands that have acute and pressing housing needs affecting hundreds or, in the case of Salt Salt Spring Island, thousands of residents.

## A Conceptual Road Map to Improve the Pre-Development Process

### Recommended Process Improvements

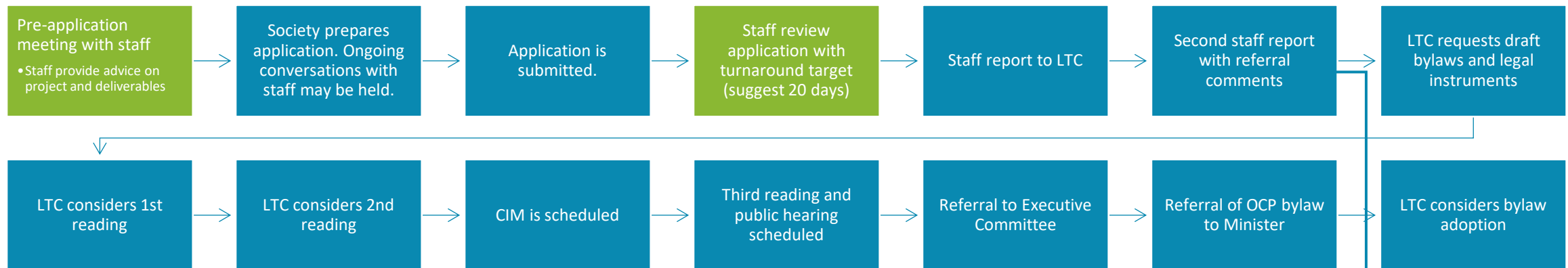
Understanding that the Islands Trust process is rooted in the *Islands Trust Act* and that some regulatory changes are easier to make than others, below are a range of suggested modifications to the process that may help give affordable housing proponents more certainty and clarity on expectations and outcomes.

**Table 9: Recommendations for Process Improvements**

<b>Recommendation</b>	<b>Details</b>
<b>Islands Trust to develop a more rigorous pre-application process</b>	<p>Additional information at the start of the process about what may be required would help organizations understand the scope of what is required for rezoning applications.</p> <p>Development is a complex process even in the best case. If an organization does not have experience in real estate or development, Islands Trust may want to consider advising groups to hire development consultants or developing a navigator tool to aid groups through the process.</p>

<p><b>Revise application requirements and add reports or information that are commonly requested (from experience)</b></p>	<p>Water is a highly controversial topic on the islands (as outlined in <b>table XY</b>) as well and water quality are common constraints. The LTC seeks assurance that wells are adequate, and the new project will not impact existing residents' water sources. Informing the applicant that:</p> <ul style="list-style-type: none"> <li>- A water management plan (including stormwater considerations)</li> <li>- A water logger data report for well</li> </ul> <p>Will be required will help organizations plan for these and reduce delays down the line.</p>
<p><b>Islands Trust to develop Terms of Reference for any supporting documentation required</b></p>	<p>In order to avoid iterative staff reviews of information, Terms of Reference for common reports (such as water management plans) should be developed that clearly outline report requirements and expectations.</p>
<p><b>Clear expectations for timelines: Staff review must be completed in a specific number of days</b></p>	<p>Turnaround targets (such as 20 or 30 days) helps give clarity to the applicant.</p>
<p><b>Limits on the LTC's ability to request additional information</b></p>	<p>Applications can get "stuck" in circular, iterative rounds of staff review and LTC discussion. Any time a rezoning application is on an LTC meeting agenda, the LTC may make a motion regarding that application, which can include requesting additional information. While the request for more information is an important feature of a rezoning process, allowing for infinite iterations of this increase's costs for all parties, increases the risk to the proponent, and delays projects that are seeking to provide community benefits.</p>

Based on the recommendations above, we have developed a suggested revised approvals process. This can be found in **Figure 3**, which demonstrates the process in a flow chart.



**Notes**

- Reports (such as water management plans) that may be required are determined early in the process
  - Staff may give advice on what the IT may ask for
- Islands Trust staff may advise applicants to hire a development consultant to navigate the process
- Islands Trust provides a terms of reference for relevant reports to minimize revisions of reports
  - Specifies required sections and considerations to be included in report
- Staff have clear turnaround target for producing staff report and/or comments to applicant
- \*\*Staff direction on what is required and advice on optional pieces

Additional information/reports may be requested

Once provided, LTC must consider and move project forward.

**Figure 3: Suggested Islands Trust Process**

## Discussion and Conclusion

The information provided in this document is meant to provide an overview and snapshot of the experience of developing affordable housing in the five SGIs. While some challenges and constraints mirror that of affordable housing development in urban environments, there are several unique issues to consider on the SGIs. Below are some of the key takeaways that have been outlined in this document:

- 1. Islands Trust processes and requirements should be more clearly communicated and documented.** The unique environment and context of the SGIs means that comprehensive due diligence, information, and reports must be provided to secure a successful rezoning application. Islands Trust should work on organizational capacity for handling rezoning applications for multi-family, affordable housing projects, which may include exploring the following tools:
  - Clarifying information that staff and the LTC require for approving projects
  - Setting clear timeline targets for applications
  - Providing more assistance to non-profits in navigating the system, either through staff support or tools and educational materials
  - Reviewing requirements/information requests and reducing overlap with other jurisdictions
  - Creating templates for common requirements such as Water Management Plans; Housing Agreements, and s.219 covenants would save all parties time and effort throughout the process.
- 2. Additional funding is required.** Securing predevelopment dollars is competitive and small projects on the SGIs may be disadvantaged compared to urban municipalities or larger organizations with more capacity. The rigorous rezoning process with the Islands Trust also escalates predevelopment costs. Advocacy with the CRD, the province, or the federal government should be considered to secure specialized funding for the SGIs.
- 3. A collaborative approach is required** to ensure that affordable housing projects can be developed efficiently while meeting community needs. The nature of the small communities on the islands can escalate disagreements or opposition, and transparency, clear communication and expectations, and a collaborative approach would benefit the proponents, the Islands Trust, and the public. Further, the concentrated authority of 2 trustees on each LTC from the Island leans away from a collaborative approach, and often raises concerns around conflict and transparency.

The goal of any changes to the affordable housing pre-development process is not to guarantee approvals or rush projects through. Rather, the goal is to give all stakeholders a clear understanding of the requirements, authorities, and timelines of moving through the process, and to avoid long, circular, and costly iterations of the process.



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