

Cowichan Workforce Housing Strategy

A PLACE TO BUILD FUTURES

January 2024

LAND ACKNOWLEDGEMENT

We acknowledge that for thousands of years the Quw'utsun, Malahat, Ts'uubaa-asatx, Halalt, Penelakut, Stz'uminus, Lyackson, Pauquachin, Ditidaht, and Pacheedaht Peoples have walked gently on the unceded territories where this work has taken place.

APPRECIATION

On behalf of the Cowichan Valley Regional District (CVRD), CitySpaces Consulting led the Workforce Housing Strategy process and authored this Report. CVRD and CitySpaces are very appreciative of the participation, support, and advice from community stakeholders. We thank them.

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- Cowichan Woodwork
- EllisDon
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- Island Farmhouse Poultry
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- Nexus Modular Solutions
- Realocity Realty and CoHo BC
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EXECUTIVE SUMMARY

The Cowichan Region is taking bold action to address housing needs and to offer housing choices to workers, requiring new conditions in which housing development in the Cowichan Region takes place.

Outlined in this Workforce Housing Strategy are four strategy areas to address the acute housing situation impacting the ability to recruit and retain workers and foster a healthy economic environment and livable region:

- i. Enable Industry-Led Workforce Housing Solutions;
- ii. Accelerate Housing Development;
- iii. Regulate Short-Term Rentals; and
- iv. Establish a Housing Corporation.

These strategies build on the already important housing initiatives spearheaded by the Cowichan Valley Regional District (CVRD), member municipalities, First Nations, non-profit organizations, and the development industry.

- **Enable Industry-Led Workforce Housing Solutions** creates opportunities for various industries to initiate housing solutions within their own sphere of influence. In the Cowichan Region, industries that are being called to take action and be part of the solution include agriculture, tourism, construction, healthcare, and non-profits. These industries require a supportive planning and development environment in order to successfully participate, such as getting sites ready for development, contributing land, advocacy, and building relationships with industries.
- The strategy to **Accelerate Housing Development** aims to increase the number of housing units built in the Cowichan Region with a sense of urgency. Three specific solutions to speedily deliver units to the market are: utilize temporary use permits (TUPs) for temporary accommodation (e.g., RVs for seasonal workers), facilitate the development of accessory dwelling units, and mobilize modular housing construction. Programs are needed to move this strategy forward and involve the preparation of permit packages, educational materials, and Cowichan-specific design concepts.
- **Regulate Short-Term Rentals** is a strategy that mitigates the diversion of rental housing units from the market by finding a balance between making short-term rentals (STRs) available to serve short-stay workers and tourists while ensuring rental housing is available for long-term residents. A focus on practical tools that align with new provincial legislation is the starting point for the first three years of implementation. This includes implementing a short-term rental business license program and enforcement at the regional district level, implementing short-term rental regulations across the region, and creating a STR Coordinator position to oversee its implementation.

- The strategy to **Establish a Housing Corporation (HC)** aims to scale-up and increase capacity to address workforce housing needs in the Cowichan Region. Exploring the opportunity to evolve and empower the existing Cowichan Housing Association is the core focus of this strategy and involves a due diligence process to ensure feasibility before endorsing the framework. If supported and once in operation, it is envisioned that the HC will convene a work plan to identify potential partnerships and sites for development, and pursue the creation of workforce housing as well as housing for other populations in alignment with the needs and gaps identified in the *CVRD Regional Housing Needs Assessment Report*. Ultimately, this strategy allows the HC to take a lead role in the development of housing on behalf of the region (CVRD electoral areas and member municipalities) and in partnership with other sectors, as well as inherit and manage housing agreements, and provide other programs, services, and advocacy.

The four strategy areas have been designed to reinforce each other and can also be combined. For example, the proposed HC can pursue a modular workforce housing development project; or temporary use permits can be used to house the influx of construction workers while building key infrastructure like the Cowichan District Hospital (currently under construction).

Measuring the success of implementation is tied to the **desired outcomes** of each strategy, aimed to achieve after three years:

- For industry-led workforce housing solutions, the desired outcomes are to observe a substantial reduction in job vacancy rates for key industries (by 10%) leading to an improvement to businesses' ability to attract and retain workers (based on the ability for workers to find housing).
- To accelerate housing development, the desired outcomes are to receive an average of twenty housing TUP applications per year; see an increase in the uptake of Accessory Dwelling Unit (ADU) construction starts by 5%; see an increase in the uptake of modular housing construction projects by 5%; and increase the average development activity in the region to approximately 600 units per year.
- For regulating short-term rentals, the desired outcomes are to see an improvement to the market rental vacancy rate in the order of 1% or greater; and to observe in the number of short-term rental listings in Cowichan.
- With respect to the Housing Corporation, the desired outcomes are to inherit and manage at least three housing agreements from local government; have at least one HC-led housing project being pursued with certainty (i.e. land and/or approvals secured); and to establish a formal partnership with a senior level of government.

With increasing expectations and requirements placed upon local governments by the Province to meet housing targets, the Workforce Housing Strategy positions the region to meet its obligations through self-direction while complementing other sectors to deliver units in the region. Enable Industry-Led Workforce Housing Solutions, Accelerate Housing Development, Regulate Short-Term Rentals, and Establish a

Housing Corporation are all strategies that can change the conditions of housing development in the region towards meeting the housing needs of workers and fostering sustained economic development.

INTRODUCTION

In November 2022, the Cowichan Valley Regional District (CVRD) engaged CitySpaces Consulting to prepare a Workforce Housing Strategy for the Cowichan Valley. This Strategy responds to the *CVRD Regional Housing Needs Assessment Report (2021)* and *Workforce Housing Surveys (2022)* that highlighted the tension between housing issues and the labour market in the Cowichan Valley.

Companion Documents

The Cowichan Workforce Housing Strategy is complemented by three companion documents:

- i. **Worker Snapshots:** illustrates housing challenges experienced by different households in Cowichan;
- ii. **Case Studies:** provides several examples of workforce housing solutions that can be referenced for inspiration; and
- iii. **Context Report:** provides an overview of the process of developing the Strategy including project approach, engagement activities, and research that demonstrates the driving factors that support the need for the Strategy.

Purpose

The Cowichan Workforce Housing Strategy aims to address housing problems as it relates to employment. In particular, the shortage of housing has impacted the ability to attract and retain workers in Cowichan, which has impaired operations and viability of businesses and services across multiple sectors. It is imperative that housing is made available to workers in order for the region to grow in a sustainable and livable way. It is within this context that the purpose of this Strategy is to:

- Identify a collaborative and regional solution to workforce housing;
- Identify potential solutions to attract and retain staff within various industries; and
- Foster sustainable economic development in the Cowichan Region.

Why a Workforce Housing Strategy?

The Cowichan Region is a place where initiatives to support housing development are already being explored and implemented. Many achievements can be celebrated including housing policies and regulations, with additional initiatives in motion. There is a strong appetite from the development industry to build more units across the region, and a healthy curiosity from all sectors and the public to explore more solutions. The Workforce Housing Strategy complements other initiatives by implementing transformative strategies for housing development.

The magnitude of housing need is being fueled by rapid change and is surpassing the collective capacity to respond. Some of the core issues illustrating this problem include:

- Housing development is not keeping pace with population growth and demographic changes:** The regional population has increased 12% over the past decade and is projected to grow by another 15% in six years¹ through a combination of new people moving to the region as well as natural family formation. At the same time, the aging population is creating a reverse population pyramid meaning there are more seniors than young people. This issue may amplify the shortage of workers if there are not enough people to replace retirees. The region requires nearly 1,000 more housing units per year to accommodate growth and demographic changes, however only half that amount is being delivered on an annual basis.
- Development constraints are limiting construction activity:** The current economic environment creates complexity and risk to building housing projects in the Cowichan Region. Many of these are large-scale issues, including inflation, supply chain issues, high interest rates, and financing challenges. The lengthy development approvals process is a concern shared by government planning departments and the development industry, suggesting that the volume of development activity and capacity to process applications may be contributing factors. Other issues include the perception of an insufficient land supply, infrastructure constraints and un-serviced land, and public perception (e.g., NIMBY-ism). Municipal growth containment boundaries together with a large concentration of undevelopable land (located within the *Agricultural Land Reserve*, forestry/resource holdings, environmentally sensitive areas, and parkland) are all signals that the Cowichan Region is entering a new era of development – less greenfield development and more scaling up, densification, infill development, and possibly redevelopment of some areas.
- Limited housing supply and high housing costs are influencing workers’ job decisions and impacting the viability of businesses:** There are currently not enough housing units for workers in the region and there is a mismatch between the types of housing available and what workers are seeking. Employers have reported incidences where job offers are being rejected by potential candidates because of limited housing options – which is supported by previous research that indicates a need for more smaller units (e.g., one-bedroom units) and starter homes for people moving to the region (a small and affordable unit). There is also a mismatch between housing costs and what employees’ wages provide. Businesses are considering wage increases but are trying to balance the increasing cost of business and their services. Overall, the limited housing supply, high housing costs, and stagnant wages are hindering economic activity in the region.

Additional research can be found in the companion *Context Report* and *CVRD Regional Housing Needs Assessment Report*.

1. CVRD Regional Housing Needs Assessment Report (2021).

MEETING THE NEEDS OF COWICHAN'S WORKFORCE

Vision

“The Cowichan Region is taking bold action towards offering housing choices for workers at all income levels and stages of their vocations.”

Four Strategy Areas

The Vision translates into four strategy areas that incorporate desired outcomes, actions, responsibility, timing, and investment required for implementation. Each strategy addresses workforce housing needs, and is supported by the background research and what was heard from engagement. The intention of each strategy is to focus on the overall goal and outcomes, rather than specific mechanisms. Case study examples from other jurisdictions are available in a Companion document. These include examples of housing construction workers, hospital staff, and agricultural workers and examples of housing corporations and temporary use permits.

Now is the time to take bold action on addressing housing needs; this requires new conditions and working together under a shared vision to initiate change.

Strategy #1: Enable Industry-Led Workforce Housing Solutions

STRATEGY	GOAL	DESIRED OUTCOMES IN 3 YEARS	
<p>Enable Industry-Led Workforce Housing Solutions</p>	<p>Empower industries and employers to lead the creation of workforce housing projects</p>	<ul style="list-style-type: none"> Job vacancy rates for key industries are reduced by 10% 	
ACTIONS	RESPONSIBILITY	TIMING	INVESTMENT REQUIRED
<p>1. Explore the option of purchasing an existing building and repurpose into housing for the healthcare sector (e.g., motel conversion); explore the utilization of landholdings for temporary modular housing for construction workers, potentially repurposed into long-term housing for healthcare workers upon completion of the Cowichan District Hospital Replacement project</p>	<p>Champions to be identified during the final round of project engagement</p>	<p>2024 to 2026</p>	<ul style="list-style-type: none"> Funding or financing Development consultant
<p>2. Identify and secure lands to establish a temporary, seasonal workers campsite (e.g. agriculture, tourism, and construction sectors)</p>	<p>Champions to be identified during the final round of project engagement</p>	<p>Q3 2024</p>	<ul style="list-style-type: none"> On-site servicing
<p>3. Create an opportunity for businesses to pool resources and pursue a workforce housing project collaboratively</p>	<p>Champions to be identified during the final round of project engagement</p>	<p>Q4 2024</p>	<ul style="list-style-type: none"> Legal services Financing (private lender, low-interest loan, grants) Rotating capital (invested by businesses)

The Strategy

Industries in the Cowichan Region particularly challenged with attracting, retaining, and supporting workers include healthcare, tourism, agriculture, construction, and non-profit organizations. These are priority industries that could pursue solutions within their own sphere of influence. The aim of this strategy is to empower industries and employers to lead the creation of workforce housing projects. The desired outcome is to see a sizable reduction in the number of job vacancies in Cowichan. Employers should observe an improvement to their recruitment process (e.g., time it takes to fill a position, retention and duration of tenure) due to the increased availability of workforce housing. As an example, a reduction in the job vacancy rate in the construction industry from 9.0% to 8.1% (a 10% reduction) would indicate that conditions are improving.

Industry leaders report that short-term rental housing such as Airbnbs serve to accommodate temporary workers in Cowichan.

What Housing Types are Needed for Workers in Priority Industries?

Workers who live permanently in the Cowichan Region comprise a mix of household arrangements, including single persons, roommates, and families, and as such would benefit from having a range of housing types available – including a mix of one-, two-, and three-bedroom units that can be configured in various housing types such as apartments, townhouses, and accessory dwelling units. The companion document, *Worker Snapshots*, illustrates diverse types of households experiencing a range of housing situations in Cowichan, including families, First Nations, temporary workers, and others working in a variety of priority industries.

Affordable rent ranges for workers depends on the occupation and annual salary. In the healthcare sector, for example, registered nurses can afford market rental rates, whereas custodial positions would benefit from housing that is below market rates. Housing costs that are affordable for agricultural workers can vary depending on the job position, however, are generally low (below market rates) for farm labourers, which is representative of temporary and seasonal agricultural workers in Cowichan. Also, it is common for farms to offer room and board as part of a worker's compensation package, to offset the cost of paying high enough wages for workers to afford to rent off-site.

Rent ranges are also applicable to seasonal and temporary workers with the same occupations; however, the housing forms are different given the nature of short-stay workers. Nearly every priority industry has some form of temporary worker situation. Healthcare recruits travelling nurses, locums, and medical students. Agriculture has temporary and foreign workers during peak production seasons. The construction industry hires labour from outside the region to temporarily scale-up and build projects. In addition, many industries have temporary contract workers to cover employment leaves (e.g., family

leave, stress leave), time limited job positions (e.g., non-profits that receive a grant to hire a worker related to a temporary program), or special studies (e.g., field research).

The table below outlines the types of housing for both permanent and temporary workers, by industry, along with a sample of job positions and their applicable affordable rent ranges. This table can serve as a reference to industry leaders pursuing workforce housing projects. For additional information on the housing types that workers need, please see the companion report *Worker Snapshots*.

Industry	Job Positions	Affordable Rent Ranges Per Month	Housing Types (Permanent)	Housing Types (Seasonal/Temporary)
Agriculture	Farm Labourer Fish Farmer Crop Production Technician	\$770 – \$1,170 \$750 – \$2,270 \$815 – \$2,000	<ul style="list-style-type: none"> One-bedroom units ADUs, apartments 	<ul style="list-style-type: none"> Campsites RVs One-bedroom
Construction	Construction Worker Construction Manager Construction Electricians & Repairers Foreperson	\$750 – \$1,500 \$1,100 – \$3,000 \$1,300 – \$2,400	<ul style="list-style-type: none"> One-, two-, three-bedroom units ADUs, townhouses, apartments 	<ul style="list-style-type: none"> One-bedroom Multi-unit modular
Healthcare	Health Care Aide Registered Nurse Doctor	\$900 – \$1,200 \$1,500 – \$2,300 \$1,600 – \$7,600	<ul style="list-style-type: none"> One-, two-, three-bedroom ADUs, townhouses, apartments 	<ul style="list-style-type: none"> One-bedroom Multi-unit modular
Non-profit	Administrative Clerk Labour Policy Officer Data Administrator	\$950 – \$1,620 \$1,400 – \$2,560 \$1,150 – \$2,900	<ul style="list-style-type: none"> One-, two-, three-bedroom units ADUs, townhouses, apartments 	<ul style="list-style-type: none"> One-bedroom
Tourism	Hotel Clerk Food Service Worker Housekeeper Retail Sales Associate Retail Sales Manager	\$750 – \$1,030 \$750 – \$960 \$750 – \$1,060 \$750 – \$1,200 \$865 – \$3,120	<ul style="list-style-type: none"> One-, two-, three-bedroom units ADUs, townhouses, apartments 	<ul style="list-style-type: none"> One-bedroom Multi-unit modular RVs

What Can Industries Do to Address Housing?

Detailed examples from other jurisdictions where industries led the development of housing projects or programs can be found in the companion document *Case Studies*. Drawing from this inspiration, some considerations for Cowichan's industries include:

- **Repurpose existing building(s) for healthcare workers:** explore options to purchase an existing building and repurpose into housing for the healthcare sector (e.g., motel conversion). The repurposed building could be used to accommodate temporary healthcare workers (e.g., locums, medical students) as well as a temporary home for new recruits while they search for more permanent housing solutions. This type of solution has been employed by the Lady Minto Hospital Foundation on Salt Spring Island, which purchased a former hotel to convert into rental housing for employees (see *Case Studies* companion document). Related to this solution is the potential to acquire housing units (existing residential buildings) and rent to healthcare staff at a discounted rate. The City of Campbell River recently launched the Essential Workers Temporary Housing Program, which provides temporary furnished suites in an apartment building close to the hospital for healthcare workers (more details in the companion document *Case Studies*).
- **Explore the utilization of lands for modular housing construction:** temporary modular housing for construction workers can support scaling up the sector to build the Cowichan District Hospital. Additionally, the units could potentially be repurposed into long-term housing for healthcare workers upon completion of the hospital. Potential application of temporary use permits could support this concept, and suitable land would need to be found. Revelstoke Mountain Resort recently employed similar tactics for temporary construction worker housing during the expansion of the resort (see the companion document *Case Studies*).
- **Identify and secure lands to establish a temporary, seasonal workers campsite:** depending on the size of the site, this concept could accommodate dozens of workers employed in multiple industries (e.g., agriculture, tourism, construction). Fees can be charged to the workers to cover the cost of site maintenance and operations, yet at low enough rates to remain affordable to workers. If lands identified are within the ALR, then it is required to make an application to the Agricultural Land Commission to accommodate a workers campsite (i.e., commercial campground/non-farm use on ALR lands). The Regional District of Okanagan-Similkameen demonstrated this concept when it opened a 125-site agricultural workers campsite in 2021 to house temporary agricultural workers throughout the harvest season from May to October (see the companion document *Case Studies*).
- **Create an opportunity for businesses to pool resources and pursue a collaborative workforce housing project:** this can look like an agreement amongst several businesses to purchase a shared building for housing workers, or to develop new workforce housing if a suitable building is not available within the community. The partner businesses could make a financial contribution and, in return, gain access to one or more units of the building that is shared with other businesses. This

innovative solution requires capital and operating funding, which can come from a variety of sources (capital injection from each business, accessing low-cost financing and loans, etc.). Businesses can rent their allocated unit to a new recruit in need of temporary housing until long-term housing is found, and continuously use the unit for this purpose. Businesses have options for how they structure the arrangement with their employees. For example, they can create employment agreements to cover the cost of rent as a prerequisite to the employee (which they can claim as a taxable benefit). Alternatively, businesses can subtract the cost of rent from an employee's pay (either partially or in-full). This solution requires an organization of some form to manage operations, which can be an existing non-profit housing society, forming a new society, or potentially being part of the proposed Housing Corporation. The Cube Hotel in Revelstoke is a good example of multiple employers coming together to solve their workforce housing challenges (see the companion document *Case Studies*).

Workforce housing projects pursued by businesses and organizations across priority industries could benefit from strategies #2, #3, and #4, which includes potentially forming partnerships with the proposed Housing Corporation, as well as applying accelerated housing development tools such as temporary use permits and modular housing construction.

Strategy #2: Accelerate Housing Development

STRATEGY	GOAL	DESIRED OUTCOMES IN 3 YEARS	
Accelerate Housing Development	To increase the number of housing units built in the Cowichan Region	<ul style="list-style-type: none"> • Receive average 20 TUP applications for housing per year • Increase uptake in ADU construction starts (5% target) • Increase uptake in modular housing construction (minimum 5% target) • Average 600 total housing units built per year 	
ACTIONS	RESPONSIBILITY	TIMING	INVESTMENT REQUIRED
1. Prepare temporary use permit program (application package / permit and schedules, educational guide, and communications)	CVRD Member municipalities	Q1 2024	<ul style="list-style-type: none"> • Internal staff time • Public consultation • OCP amendment
2. Investigate a legal framework and pathways to compliance for alternative housing forms	CVRD Member municipalities	Q3 2024	<ul style="list-style-type: none"> • Internal staff time
3. Explore 'Made for Cowichan' ADU design concepts	CVRD Member municipalities Industry	Q4 2025	<ul style="list-style-type: none"> • Internal staff time • Industry-led designs
4. Plan and host a Modular Housing Construction Summit	CVRD Member municipalities Industry	2025	<ul style="list-style-type: none"> • Internal staff time
5. Investigate enabling policy to support industry-led workforce housing solutions	CVRD Member municipalities	Q1 2024	<ul style="list-style-type: none"> • Internal staff time

The Strategy

Enabling accelerated development of housing aims to address the shortfall of new housing units needed per year in the Cowichan Region. With an extremely low rental vacancy rate and a pattern of delivering approximately half of what the region needs on an annual basis, it is necessary to fast-track development to get units delivered to the market with a sense of urgency through a solutions package: temporary use permits, accessory dwelling units, and modular housing construction. These solutions can help facilitate different housing typologies (e.g. multi-unit, ground-oriented infill, small or tiny home single unit, etc.) as

well as support various housing tenures (affordable homeownership like shared equity homeownership and rent to own, co-ops, market rental, low-end of market rental, and affordable housing).

The common path to creating a workforce housing project typically takes three to four years to complete. Workforce housing projects can potentially be developed much faster when enabling conditions are created to support this type of development. There are many tools that can help fast-track the development of workforce housing including policies, zoning, programs, funding, incentives, bylaws, collaboration, regulations, and initiatives. A combination of accelerated housing tools can offer different solutions to a variety of land/development situations.

It is unrealistic to double the construction of housing units in a few years, and as such this strategy intends to close the shortfall gap by increasing the number of housing units delivered annually from an average of 460 units per year to an average of 600 units per year; an increase of approximately 25% in construction activity. More favourable environmental conditions can help increase the amount of permitting and drive construction activity. Ultimately, this strategy seeks to ramp-up the volume of construction in the housing industry to the levels required to accommodate the growing population and ensure there are housing units available to attract and retain the labour force. Local government will also need to create an enabling environment to facilitate the industry-led workforce housing solutions outlined in Strategy #1.

Scope of Accelerated Housing Development

It is envisioned that this strategy will create the conditions to accelerate housing development in the Cowichan Region, encompassing the following solutions:

- **Temporary Use Permits:** TUPs allow temporary land uses not permitted under current zoning. On the ground, this can look like a RV, modular unit, or repurposed/renovated container ranging in scale from one-unit sharing land with a single-detached home to larger tracks of land that can accommodate a collection of units (e.g., 8–12 RVs). TUPs are a practical tool that the local government can implement at the regional and municipal level and requires investment into OCP amendments, the creation of permit/schedules, administration, inspection, and enforcement. The CVRD Board recently directed staff to begin work on OCP amendments and draft guidelines to enable TUPs across all Electoral Areas, including for housing. If implemented quickly, the CVRD could be in a position to process applications in time for upcoming seasonal worker housing needs. TUPs can provide employers with an option to install one or more units on-site to house seasonal workers, as

well as any landowner with the option to utilize their land for temporary housing for workers. TUPs also provide flexibility to the system to accommodate fluctuating housing demand not only related to seasonal workers but also the anticipated influx of temporary construction workers needed to build major projects such as the Cowichan District Hospital. To speed up the process even more, local governments should consider delegating the authority to issue TUPs for housing to staff.

- **Alternative Housing Forms:** throughout this process, engagement participants shared stories of alternative forms of housing that already exist in Cowichan, such as tiny homes, RVs, yurts, and others. Some of these housing forms are not “up to code”, creating an unstable housing environment for the occupants. This action aims to create a legal framework for alternative forms of housing, which would include looking at BC Building Code, zoning bylaws, and other regulations to identify barriers and opportunities to bring these forms of housing into compliance. Once identified, these pathways to compliance should be shared with the public to increase housing security.
- **Accessory Dwelling Units:** ADUs are attached or detached housing units, including secondary suites, garden suites, tiny homes or laneway homes, that can be made available for rental (both short-term accommodation and long-term housing). The CVRD is already spearheading actions to enable new ADUs to be built in electoral areas, and the Province of BC has recently made significant legislative changes that further progress ADU development (see page 16). This action complements existing initiatives with removing barriers for property owners looking to develop ADUs by making the process more accessible and efficient. This action looks to create educational resources for the public on the ADU development process, and, with the help of industry’s skills and experience, to create pre-approved design concepts that fit the development patterns and aesthetic of Cowichan.
- **Modular housing construction:** allows for housing to be designed to-code, and constructed off-site, under controlled conditions, but delivered on an accelerated timeline. This solution was not only widely supported by engagement participants during the development of this strategy, but also revealed the potential to scale-up the existing modular housing sector in the Cowichan Region. As a starting point, the region could plan and host a Modular Housing Construction Summit to educate regional and municipal planners on this construction technique and connect industry with local government in a shared learning environment. It is recommended that the Summit include discussions

More regions are embracing ‘tiny homes’ as a housing option suitable for one- or two-person households able to live independently. The Regional District of Central Kootenay has published a guide, “Tiny Homes in the RDCK-What You Need to Know”, summarizing the various forms of ‘tiny homes’ and how they relate to the relevant regulations.

that will help Cowichan prepare to apply for upcoming modular housing funding opportunities by identifying land, partnerships, and concepts.

Desired Outcomes – How To Measure Success

Implementing the actions outlined in this strategy has the potential to create an enabling environment in which housing can be developed at an accelerated pace. It also gives options to all sectors to be a part of the solution – local governments, private sector development, the construction industry, non-profit organizations, and potentially others. The desired outcomes outlined below are ways to measure success of this strategy in the first three years:

- **Receive average 20 TUP applications for housing per year:** as an example, the RV worker pilot project in the Resort Municipality of Ucluelet received less than 20 applications and even fewer follow-throughs. Since the Cowichan Region is substantially larger than Ucluelet, a realistic target for the Cowichan Region that would indicate progress is to aim for averaging 20 housing TUP applications per year.
- **Increase uptake in ADU construction starts (5% target):** there are already ADUs being developed sparsely in the region where permitted and infrastructure supports intensification at this scale. A marker of success would be observing a moderate increase in the uptake of ADU construction across the region of 5%.
- **Increase uptake in modular housing construction (minimum 5% target):** a number of modular housing projects have been undertaken in Cowichan over the last number of years. With additional support to bring attention to and foster the development of this industry, a 5% increase in modular housing construction should be well within the realm of possibility.
- **Average 600 total housing units built per year:** within three years, a desired outcome is to see a substantial increase in the number of housing units being delivered in the Cowichan Region, alleviating pressures on the market and helping workers find the housing they need. An approximate 25% increase in the average number of new units permitted per year (i.e., 460 units to 600 units) would be an indication that the enabling environment for accelerated housing development is moving in the right direction.

Alignment

- ✓ CVRD Regional Housing Needs Assessment Report
- ✓ *Housing Supply Act* (applies to municipalities within the CVRD)
- ✓ Bill 44: *Housing Statutes Amendment Act*

Province of BC [ADU guidelines](#) (December 2023)

- ✓ A minimum of 1 secondary suite and/or 1 detached accessory dwelling unit (ADU) must be permitted in Restricted Zones in all municipalities and regional district electoral areas. Local governments must implement these new regulations, and may choose to do any of the following for single-detached residential lots to which the higher density requirements for a minimum of 3 to 6 units do not apply:
 - Permit only one secondary suite;
 - Permit only one ADU;
 - Allow landowners to choose either a secondary suite or an ADU; or,
 - Permit the construction of both a secondary suite and an ADU.
- ✓ Local governments should ensure requirements of other provincial legislation and regulations are met.
- ✓ Only secondary suites (not ADUs) should be permitted on properties less than one hectare in size that are not serviced by sewer systems operated by a local government.
- ✓ Recommended regulation: rear lot line setback minimum 1.5 metres.
- ✓ **Province's suggested ways to streamline the ADU approvals process:**
 - Eliminate requirements for a business license or covenant concerning the rental of secondary suites and ADUs;
 - Waive tree-cutting permit requirements for secondary suites and ADUs if none are required for single-detached dwellings.

What Additional Enabling Policy is Required to Support Industries to Pursue Workforce Housing Solutions?

Conditions need to be favorable for industries to consider taking bold action to address workforce housing needs. In addition to the actions above, local governments can support the work outlined in Strategy #1 through enabling policy, specifically:

- Implement the Cowichan Attainable Housing Strategy, specifically *Objective 5 – Enhance Local Government Policy Frameworks that Promote Increased Supply and Improved Housing Affordability*. Proposed strategies within this objective aim to streamline the development approvals process through action such as: fast tracking applications for affordable housing projects, creating property tax exemptions for projects, pre-zone land, reduce parking requirements, consider density bonus provisions, support mixed-use development, and support small housing development including micro-units.
- Establishing a positive relationship between the business or organization pursuing a workforce housing project and the local government sets the stage for all other supports and actions to occur. Relationship building includes exchanging information about respective needs and perspectives and instilling political support from Municipal Council or the Regional District Board. For example, the local government would benefit from understanding the vision, concept, and needs of the project and the group would benefit from understanding the development procedures process and local government expectations. Identifying mutual goals can enhance the relationship. Establishing relationships before a project is envisioned can inform the local government to take action on creating an enabling environment, such as pre-zoning land or adopting policy that supports workforce housing projects.
- Industry-led solutions outlined in strategy #1 are site-specific, and as such, the planning and development requirements will be dependent on each site (e.g., is a rezoning required?). Workforce housing projects that are led by industry often experience better success when incentives or tools are applied. Within this context, local governments can explore opportunities to identify sites and get them ready in anticipation of industries pursuing workforce housing projects.

Successful workforce housing projects typically receive tangible incentives and utilize a wide range of tools to implement a project from vision to completion, including enabling policies and bylaws:

- ✓ **Site readiness:** attributes that enhance a site's readiness to develop workforce housing include already meeting the land use designation (OCP) and zoning (or pre-zoned). It can also mean existing infrastructure (e.g., water, sewer, fire flow) does not need to be upgraded or only minor upgrades are required. Projects that require land use changes add time to the process. Infrastructure upgrades increase costs.
- ✓ **Housing agreements:** section 483 of the *Local Government Act* allows local governments to prepare housing agreements, and section 219 of the *Land Title Act* allows local governments to use covenants registered on title, in conjunction with rezoning applications, to ensure that a workforce housing project remains affordable.
- ✓ **Land contribution:** many local governments have policies that support the use of government-owned land for housing projects that address local housing gaps and meet the housing needs of residents. Local governments may consider contributing land to a workforce housing project through a land lease or land transfer agreement at a discounted rate or at no-cost. Other financial supports within the municipal purview can help reduce the capital and operating costs of a workforce housing project such as waiving permit fees, offering property tax exemptions and making capital contributions by drawing from dedicated resources (e.g., an affordable housing reserve fund).
- ✓ **Advocacy:** local governments have established relationships with the Provincial and Federal governments, Ministries, and other agencies such as utility providers. Local governments can utilize these relationships to advocate for groups that may encounter roadblocks to project implementation.

Strategy #3: Regulate Short-Term Rentals

STRATEGY	GOAL	DESIRED OUTCOMES IN 3 YEARS	
Regulate Short-Term Rentals	To have market rental housing available to residents	<ul style="list-style-type: none"> Improved market vacancy rate (1% or greater) STR listing deceleration 	
ACTIONS	RESPONSIBILITY	TIMING	INVESTMENT REQUIRED
1. Create a position and fill, STR Coordinator	CVRD Member Municipalities	Q1 2024	<ul style="list-style-type: none"> Budget, compensation
2. Regional STR Business License Program and Enforcement	CVRD Member Municipalities	Q2 2024	<ul style="list-style-type: none"> STR Coordinator Internal staff time
3. Short-Term Rental Regulations	CVRD Member Municipalities	Q3 2024	<ul style="list-style-type: none"> STR Coordinator Internal staff time

The Strategy

Regulating short-term rentals (STRs) aims to address issues related to the conversion of long-term housing (intended for permanent residents) into short-term accommodation (intended for short-stay residents and tourists). This tool, in the form of a bylaw and/or supporting regulations, is being adopted by many local governments in recent years in tandem with a shift in the market that is seeing rental units turning into places for people to temporarily stay.

With the growing tourism industry as well as increasing demand for short stay accommodations in the Cowichan Region, this strategy provides a practical tool to balance the interest, need, and demand for short- and long-term accommodation. Short-Term Rental Regulations can clarify the use of short-term rentals with the goal of maintaining more long-term rental housing.

The goal of this strategy is to enable the conditions where market rental housing is readily available to residents. Specifically, this strategy seeks to protect and retain the long-term rental housing supply to the point where the rental vacancy rate is within a healthy range (2 to 3%). This is a direct response to the persistently low rental vacancy rate in the region and limited availability of rental housing units, coinciding with units being listed to rent short-term. It is also intended to complement regional planning initiatives to address short-term rentals that are currently underway.

New Provincial Short-Term Rental Regulations

In October 2023, the Province of BC introduced new legislation to regulate short-term rentals that focuses on: increasing fines and strengthening tools for local governments; returning more short-term rentals to long-term homes; and establishing provincial rules and enforcement. These changes are timely for the Cowichan Region as it provides local governments with more tools to address short-term rentals.

Province of BC *Short-Term Rental Accommodations Act* (October 2023)

- ✓ **Fines and Other Tools:** Increasing fines for operators breaking local rules to support local bylaws and requiring short-term rental platforms to share data to strengthen local enforcement; requiring online short-term rental platforms to share their data with the Province, so the Province can provide that information to local governments for enforcement and support of provincial and federal tax auditing; requiring short-term rental platforms to include businesses licence numbers on listings where they are used by a local government and to remove listings without them quickly to ensure local rules are being followed; giving regional districts the ability to issue business licences so they can more effectively regulate short-term rentals in rural areas.
- ✓ **Principal Residence and Non-Conforming:** requiring short-term rentals in BC to be offered only in the principal residence of a host in municipalities with a population of 10,000 people or more; specifying areas exempt from the principal residence requirement (e.g., municipalities under 10,000 population, except those within 15km of larger municipalities, and regional district electoral areas); and removing legal non-conforming use protections for short-term rentals being taken advantage of by investors to support local governments' efforts to set rules about where these units can operate in communities. Within the Cowichan region, the principal residence requirement will automatically apply to STRs within the Municipality of North Cowichan and the City of Duncan. The Town of Lake Cowichan, Town of Ladysmith, and CVRD Electoral Areas will have the option to opt into the requirement.
- ✓ **Enforcement:** establishing a provincial host and platform registry by late 2024 for stronger accountability; and launching a provincial short-term rental compliance and enforcement unit to make sure rules are being followed.

Scope of Regulating STRs

It is envisioned that this strategy will provide the tools necessary to regulate, monitor, and enforce short-term rentals in the Cowichan Region while not being overly onerous and avoid unintentionally hindering the positive attributes of STRs. Appropriate regulation can provide clear guidance to shape the growth of the sector in a way that balances the needs of long-term housing and property owner preferences with tourism and worker needs.

- **STR Coordinator:** a key investment required to implement this strategy is creating a regional STR Coordinator position. This position would be responsible for the actions of this strategy including obtaining and analyzing data on STRs in Cowichan, working with municipal and regional district planning and other departments on land use and regulatory changes, and being involved in short-term rental business licenses. This position can also be the key contact for STR applicants and respond to inquiries. In the absence of a regional planning function, a service agreement could be used to expand the scope of this position to cover the municipalities in addition to the CVRD, which would allow for regional alignment on STR programs.
- **Regional STR Business License Program and Enforcement:** in alignment with the new tool available to regional districts, the CVRD and municipalities should consider implementing a business license program to regulate short-term rentals. As part of new legislation, online hosts are required to display their business license number on their listings. If a short-term rental listing does not include a valid business license, local governments can request the platform remove the listing. This is a practical enforcement tool the CVRD can exercise. A regional STR Coordinator position would allow STR business licensing and enforcement to be coordinated regionally, taking into account existing municipal programs.
- **Short-Term Rental Regulations:** member municipalities and the CVRD may consider preparing and adopting short-term rental regulations either through a stand-alone short-term rental regulation bylaw or through integrating within existing bylaws where applicable (i.e. Zoning Bylaw, Business License Bylaw, Fees and Charges Bylaw, and Enforcement Bylaw). Key considerations for drafting these regulations:
 - Zoning can be amended to clearly define short-term rentals as a use. A section can also be added under general regulations that specify short-term rentals can only be operated in the principal residence with a valid business license, have a maximum number of patrons at one time (e.g., up to six patrons), and parking restrictions (e.g., on-site or off-street parking space).
 - Under the Zoning Bylaw definitions section and supported by the General Regulations section, clearly define short-term rentals as a commercial use of a principal or accessory dwelling unit for

the accommodation of short-term guests for periods of less than 30 days (period is necessary to distinguish the short-term rental from a residential tenancy that typically has a 30+ day term)².

- Regulate through financial measures (e.g., STR business license fees, fines for hosts operating out of compliance). It is recommended that penalty fees apply for any Bylaw offence. Consider tiered fees for business licenses (higher for tourist-oriented short-term rentals, lower for temporary worker accommodations).
- Areas in Cowichan that have populations less than 10,000 may benefit by opting into regulating short-term rentals with the principal residence requirement. Opting-in is permitted under the new legislation however caution should be exercised with consideration of developing local regulations instead that take the local context into account.
- **Hotel accommodation:** explore new hotel accommodation development in the Cowichan Region to address the shortage of rooms.

Desired Outcomes – How To Measure Success

Recognizing that short-term rentals have a role to play with respect to providing tourism accommodation and accommodation for the workforce looking for short-stay options, regulating short-term rentals can mitigate some undesirable issues such as diverting a large quantity of the rental housing stock, contributing to extremely low vacancy rates. The desired outcomes outlined below are ways to measure success in the first three years of pursuing STR regulation.

- **Market rental vacancy rate of 1% or greater:** improving the availability of rental housing for residents is a desired outcome of this strategy. This can be measured by monitoring the rental vacancy rate that is currently nearly 0% for all categories. An increasing rental vacancy rate is a marker of improvement. A rental vacancy rate of 2% – 3% is an indicator of a healthy, balanced rental housing supply. It will require complementary initiatives to address the rental vacancy rate, such as the development of purpose-built market rental housing and affordable housing. However, regulating short-term rentals is expected to have a meaningful impact if enforced.
- **STR listing deceleration:** One indicator to monitor over time is the number of STR listings in Cowichan to observe if the number of listings is increasing, flattening, or declining. A slowdown in listing growth would indicate that this strategy is having a positive effect on making more units available for long-term renters. There will be a cost to purchase data from a third party source, until

² The Province of BC defines short-term rentals up to 90 days.

Alignment

- ✓ CVRD Regional Housing Needs Assessment Report
- ✓ *Short-Term Rental Accommodations Act*

the Province makes data available for monitoring and enforcement. Tracking the number of STR business licenses, newly available to regional districts, can be an additional metric.

Strategy #4: Establish a Housing Corporation

STRATEGY	GOAL	DESIRED OUTCOMES IN 3 YEARS	
Establish a Housing Corporation	Increase capacity and resources to develop housing projects	<ul style="list-style-type: none"> • Transfer 3 housing agreements from local government • Minimum 1 housing project being pursued • Establish a formal partnership between the HC and Senior Level Government 	
ACTIONS	RESPONSIBILITY	TIMING	INVESTMENT REQUIRED
1. Conduct a feasibility study to identify the framework and process for transitioning CHA to a HC	CHA (lead) CVRD (lead)	Q2 2024	<ul style="list-style-type: none"> • Consultant • Capital
<i>Actions listed below are subject to due diligence, feasibility, and endorsement following Action 1</i>			
2. Organizational transition from non-profit to Housing Corporation (may include additional staff recruitment)	CHA (lead) CVRD (support)	Q2 2025	<ul style="list-style-type: none"> • Legal • Accounting
3. Prepare and implement a Work Plan to achieve desired outcomes (e.g., identify potential sites, potential partnerships, etc.)	HC	Q3/Q4 2025	<ul style="list-style-type: none"> • Internal staff time
4. Develop an integrated development procedures process	CVRD (lead) Municipalities (lead) HC (support)	Q2/Q3 2026	<ul style="list-style-type: none"> • Internal staff time
5. Pursue workforce housing development project (e.g., land acquisition, preliminary concept plan, secure development approvals, detailed design, construction)	HC	Q4 2026+	<ul style="list-style-type: none"> • Development consultant

The Strategy

Establishing a Housing Corporation (HC) aims to address the limited collective capacity and resources to develop new housing in the region. Akin to authorities such as the Whistler Housing Authority and Capital Region Housing Corporation, the proposed HC intends to be the vehicle by which the Regional District and member municipalities can take a leadership role in meeting their estimated housing unit needs by

developing new affordable housing projects, acquiring units, and managing housing agreements. With increasing expectations and requirements placed upon local governments by the Province to meet housing targets (i.e., the *Housing Supply Act*), this strategy positions the region to meet its obligations through self-direction while complementing other sectors to deliver units in the region.

Housing Corporation vs Housing Authority

A housing authority is an independent, government-owned agency that provides a range of housing services, funding, and programs to help people in the greatest housing need.

Housing authorities tend to comprise a Board, Director, and staff, and play a lead role in the development of housing policies on behalf of local government. A housing corporation follows a similar model to a housing authority but operates at an 'arm's length' from local government.

The goal of this strategy is to scale-up and increase capacity to address workforce housing needs in the Cowichan Region. This is directly responding to a core issue heard throughout the engagement process for a need and desire to address the limited capacity and resources required to meet the housing crisis in the region. Specifically, capacity limitations in the region are widespread:

- At the local government level (e.g., to process applications, respond to funding calls, and opportunities for partnerships);
- Within the private sector builder / developer sector (e.g., to close the unit shortfall gap, diversify the types of housing being built etc.); and
- Non-profit sector (e.g., to meet the growing need and emerging social issues).

The proposed HC can knit these pieces together through direct integration of development processes as well as partnerships. Key benefits of setting up a housing corporation include:

- **Integrated development approvals** process with the CVRD and member municipalities. This also aids in creating confidence and certainty with the approvals process, making partnering with the HC an attractive option for private developers, non-profits, First Nations, and senior levels of government.
- Opportunity to **partner with First Nations** through capacity-building, sharing of knowledge and resources, and pursuing joint development projects.
- Being in a position to attract partnerships and increase competitiveness for investment from funders. The opportunity includes simplified **partnerships with senior levels of government**, such as potentially establishing a Memorandum of Understanding, which is becoming more common between housing authorities or corporations and the Province of BC.

- As a government-owned agency, the HC would have **access to long-term borrowing** through the Municipal Finance Authority of BC. This borrowing power is a competitive advantage with respect to interest rates and creates the opportunity to make a substantial investment in the capital and operating expenditures required to launch a corporation and to pursue initial development projects until a self-sustaining revenue model can be established.
- Provide a **vehicle for local governments to combine resources and directly address housing unit estimates** by leading housing development projects, while supporting other sectors to also pursue housing development projects.

Housing corporations typically take several years to become established and require investment to launch. The return on investment is not typically seen for several years or longer. Once established with a portfolio and demonstrated experience, financial benefits and broad community value can be observed. As such, **establishing a housing corporation is a long-term strategy** that transforms the environment in which new projects can be realized in Cowichan.

Positioning CHA to Evolve into the HC

There are different pathways to creating a housing corporation. The region is already served by Cowichan Housing Association (CHA), a non-profit society that provides community development, research, and programming to support the creation of affordable housing options, protect the existing housing stock, and reduce homelessness. Consequently, this process explored three high-level options for creating a housing corporation for Cowichan:

- (i) Establish a new housing corporation entity, and CHA continues business as usual;
- (ii) CHA is empowered and evolves into a housing corporation; and
- (iii) CHA remains operating as a non-profit society and continues business as usual, and potentially restructures. The housing corporation is not pursued.

Case study research and interviews with other housing authorities revealed that establishing a new organization from the ground-up requires significant investment from local and senior levels of government, and it may take several years before the corporation can be in a position to pursue development projects or acquire housing units. Alternatively, expanding the services of an existing organization to take on the role of a corporation can effectively bypass the start-up phase and accelerate the implementation of this strategy.

Engagement with the CHA Board of Directors, as well as research, helped inform the decision to investigate the path of elevating and empowering the existing CHA to evolve into a housing corporation. Expanding the scope and reach of CHA as a corporation may look like:

- Maintaining current programs and services, including housing loss prevention services (Cowichan Rent Bank, homelessness response and prevention);
- Building on recent experience of housing acquisitions and development by scaling up to larger capital development projects (such as multi-unit workforce housing, mixed-use housing, and social enterprise, etc.);
- Expanding operational reach, including inheriting housing agreements, lease agreements, and direct property management; and
- Enhancing organizational capacity and resources, such as increasing operational dollars for staffing, new lines of revenue generation to hire external development consultants (or take on this work in-house), and power to access alternative forms of financing, grants and loans for capital investment and equity contributions.

CHA has a good reputation and is well known for its positive social impact, and as such is the best suited organization to potentially take on a development corporation role. Many participants from the engagement process also suggested that CHA is a natural fit for this scope of work. In addition, social issues have magnified since the COVID-19 pandemic and surpassed CHA's capacity to meet the needs of the community – this is an opportunity to restructure CHA to have more capacity, resources, and tools required to meet the current and emerging acute challenges. In short, this strategy focuses on investigating the feasibility of transforming CHA into a corporation, towards expanding services while staying aligned with its values and mandate.

Preliminary Scope of the HC

Should the CHA evolve into the HC, it is envisioned that the organization will maintain current programs and services, while expanding to incorporate more capital projects (i.e., housing and mixed-use social purpose real estate) and operating projects (e.g., housing agreements, lease agreements, partnerships, and potential direct property management). Subject to further implementation of this strategy, it is anticipated that the HC scope will encompass the following elements:

- **Target population:** the workforce, with particular focus on housing workers in high priority sectors (tourism, healthcare, construction, agriculture, non-profits); as well as low-income households, aligned with the needs demonstrated in the *CVRD Regional Housing Needs Assessment Report*.

- Housing types and tenures:** a range of housing types and tenures may be considered in the context of site-specific development opportunities, which means what a site can accommodate (e.g., density, height, servicing, etc.), partnerships involved, proforma/feasibility, funding programs and operating agreements secured, and applicable land use policy and regulations which vary by member municipalities and electoral areas. It is anticipated that projects may include mixed-tenure housing projects (e.g., market rental, affordable rental, affordable homeownership such as rent to own or shared equity homeownership, and co-ops), mixed-use (e.g., housing and commercial, or other spaces such as community space, social enterprise, etc.), and clustered or scattered units in electoral areas. Projects may also take on a variety of development forms such as ground-oriented multi-unit buildings and low-rise apartments, comprising a mix of bedroom configurations. Alignment with the housing gaps identified in the *CVRD Regional Housing Needs Assessment Report* will be prioritized.
- Housing development:** it is envisioned that the HC will pursue the development of workforce housing projects, as well as other housing projects that align with the needs and gaps identified in the *CVRD Regional Housing Needs Assessment Report*. The role of the Corporation can be as developer and/or partner with non-profit societies (e.g., housing providers), private sector builders, agencies, and authorities (e.g., Health Authority), First Nations, and governments (local, provincial, federal).
- Housing unit acquisitions:** the proposed HC will be most effective once it has a healthy portfolio that can be leveraged, such as accessing additional financing. While the Corporation pursues development projects, it can, at the same time, also acquire housing units through other mechanisms. For example, acquiring existing buildings and larger homes that are underutilized (i.e., single-detached homes, fourplexes, townhouses, apartments, etc.) and adapt them into workforce housing that employers could lease to workers. Another example could be securing a portion of units from a private development project through a density bonus or community amenity contribution. For this to become a viable choice, these mechanisms must be in-place within the member municipalities and electoral areas.
- Housing agreements:** another way for the proposed HC to scale-up is to inherit housing agreements that

Cowichan Housing Association is already pursuing housing development projects, including workforce housing.

Alignment

- ✓ CVRD Regional Housing Needs Assessment Report
- ✓ Cowichan Attainable Housing Strategy
- ✓ *Housing Supply Act*

are being created through development projects but do not have an operator to manage the agreement. The HC could also look at partnering or creating agreements with interested employers so that units created through housing development projects or acquisitions are matched with workers, alleviating businesses from the leg work and supporting business operations.

- **Programs, services, and advocacy:** should the CHA evolve into the HC, the entity may continue delivering existing programs, services, and advocacy. The HC can also take a lead role and/or in partnership with responding to funding calls (e.g., BC Housing’s Community Housing Fund).

If formed, the HC’s initial years should focus on organizational (re)structuring, building assets through inheriting housing agreements and acquiring units, and pursuing development of at least one housing project.

Desired Outcomes – How To Measure Success

The HC has broad potential, including attracting investment from senior levels of government, generating confidence and certainty within the development approvals process, connecting partners and unlocking land, and fostering partnerships with First Nations. The desired outcomes outlined below are ways to measure success in the first three years of HC establishment:

- **Transfer of three housing agreements to HC:** successfully transferring the oversight and management of three housing agreements from local government to the HC, at minimum, would be a success.
- **Minimum one housing project being pursued:** a purpose-built housing project has many steps to be completed – land acquisition, concept planning, securing funding, development approvals, site work, construction, and occupancy, plus the backend requirements such as operating agreements and tenant selection process. Having at least one project being pursued (i.e., land secured, or approvals secured) would be a success for the Corporation.
- **Establish a formal partnership between the HC and Senior-Level Government:** some authorities have established formal partnerships with BC Housing (e.g., MOUs) that solidify investment connected to a plan to deliver housing units. Focusing on a partnership of this nature can provide certainty to the region and stakeholders and set a pathway for scaling-up the HC.

Inter-jurisdictional Collaboration

Local governments are regulators of planning and development, involved at key steps of a development application. One of the benefits of the HC is the opportunity to develop a collaborative development

Continuing the delivery of programs and services that were originally under CHA’s mandate – plus implementing quick wins – can demonstrate value and impact while the HC is becoming established and scaling-up.

approvals process between the regulator (member municipality or CVRD) and the HC. Conditions needed at the local government level in order for the HC to be successful include:

- Creating a collaborative development procedures process for HC projects;
- Building relationships can create the space where municipal oversight can be applied in a collaborative way, including open communication on project design and density, working closely with the HC, as well as development consultants and architects, and providing clear expectations on process such as community engagement and approvals;
- Support / buy-in from planning departments (regional level, member municipalities);
- Direct liaison with planning staff or director; and
- Bringing resources to the table including identifying and donating land, waiving fees (such as development cost charges), applying tax exemptions, and creative use of zoning so regulations support the development of workforce housing.

Direct support, buy-in, and involvement from local governments is a key ingredient to the HC's success. Subject to the due diligence process and feasibility process, considerations for this involvement are:

- Establishing a governance framework that defines local governments' roles, decision-making, involvement, and how to work together. This might include political representation from each local government on the HC Board, with operations undertaken at an arms-length;
- Equitable distribution of workforce housing projects across the region, recognizing that projects typically surface as a result of sites of opportunity (municipally owned land, partnership with private landholders or senior levels of government); and
- Informing and educating the public on the role of the HC, its benefits, and impact.

IMPLEMENTATION

Collaborative Responsibility

Following a Collaborative Responsibility approach, success of the Cowichan Workforce Housing Strategy relies on having a supportive infrastructure in-place at the outset of implementation. Specifically, backbone organizations and sectors form a collaborative network for shared responsibility and play a crucial role during implementation, which includes the following responsibilities:

- **Guide Vision and Strategy:** building a common understanding of the issues and actions that are required to address workforce housing needs.
- **Support aligned activities:** implementing aligned and mutually reinforcing actions to achieve the shared Vision.
- **Establish shared measurement practices:** regularly reporting indicators that represent desired outcomes to monitor and evaluate impacts and shifting conditions over time.
- **Build public will:** gathering community buy-in and commitment.
- **Mobilize funding and resources:** securing public and private funding to turn the Strategy's proposed actions into reality.

The backbone organizations and sectors that will support this Strategy's implementation are: Cowichan Valley Regional District; member municipalities; Cowichan Housing Association and Housing Corporation; the development sector; and employers and key industries. There are also opportunities to collaborate and partner with First Nations, the Provincial Government, and the Federal Government.

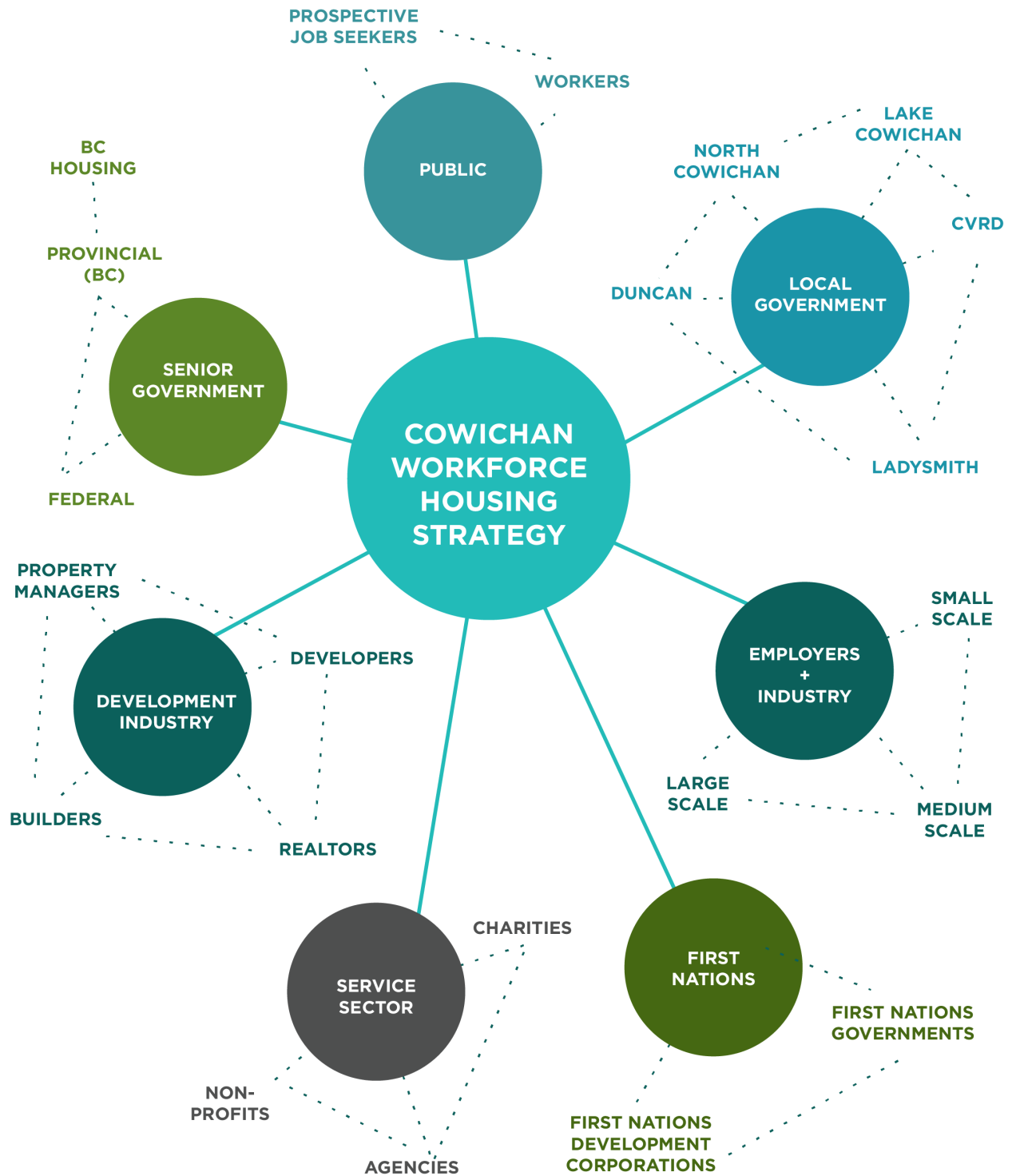
Tracking Success

Tracking success can assist the Cowichan Region with monitoring the success of the Workforce Housing Strategy over the next three years. It will also help with having information readily available to report on progress and respond to various inquiries from stakeholders, potential funders, investors, builders, partners, and the media.

- **Project Tracker:** document workforce housing projects under construction/delivered in the Cowichan Region where possible, especially where the HC is involved. Information can include: a brief project description, target population, total number of units, typology (e.g., townhouse, apartment, etc.), tenure / affordability mix, funding program(s), and partners.
- **Desired Outcomes Tracker:** monitor the implementation of the strategies over the next three years by tracking the desired outcomes:

Desired Outcomes Tracker	
Indicator	Source
1. Job vacancy rates for key industries are reduced by 10%	<ul style="list-style-type: none"> Job Vacancies, Statistics Canada
2. Receive average 20 TUP applications for housing per year	<ul style="list-style-type: none"> Planning department data (CVRD, Member Municipalities)
3. Increase uptake in ADU construction starts (5% target)	<ul style="list-style-type: none"> Building permit data (CVRD, Member Municipalities)
4. Increase uptake of modular housing construction (minimum 5% target)	<ul style="list-style-type: none"> Project Tracker
5. Average 600 total housing units built per year	<ul style="list-style-type: none"> Building permit data (CVRD, Member Municipalities)
6. Improved market vacancy rate (1% or greater)	<ul style="list-style-type: none"> Market Rental Report, CMHC
7. STR listing deceleration	<ul style="list-style-type: none"> Third party data STR sources Provincial data release (anticipated 2024)
8. Transfer 3 housing agreements from local government to the HC	<ul style="list-style-type: none"> Project Tracker
9. Minimum 1 housing project being pursued	<ul style="list-style-type: none"> Project Tracker
10. Establish a formal partnership between the HC and Senior Level Government	<ul style="list-style-type: none"> Project Tracker

Figure 1: Workforce Housing Strategy Implementation Shared Responsibility Collaborative Network



Funding the Strategy

Funding is required to implement the Cowichan Workforce Housing Strategy. While details are subject to further refinement, initial opportunities to fund the implementation of the Strategy include:

- Direct funds generated from the Municipal and Regional District Tax (MRDT) on Online Accommodation Platforms (OAP) towards implementing the Strategy in 2025;
- Apply to CHA's Project Development Fund (PDF) to implement specific recommendations within the Strategy. The PDF is funded by the CVRD as part of CHA's annual contribution agreement;
- Consider a potential increase to the MRDT rate (i.e., from 2% to 3%). Increasing the rate creates an opportunity to generate more revenue to be shared between Tourism Cowichan Society and the HC. Engagement with hotel operators must be undertaken to gain support for increasing the tax rate; and
- Leverage existing resources by applying for additional funding, such as the Rural Economic Diversification and Infrastructure Program (REDIP).

Utilizing MRDT for Housing

The Municipal and Regional District Tax (MRDT) provides funding for local tourism marketing programs and projects, including sport hosting marketing programs and projects, and destination enhancement initiatives, such as capital and non-capital investments in operation and tourism attractions. In 2018, amendments to the MRDT regulations added affordable housing as a permissible use of funds to help address local housing needs as well as to ensure tourism and temporary workers can find housing in the communities in which they live and work. This change was introduced along with formal MRDT collection from Online Accommodation Platforms (OAP). While the general MRDT revenues are collected from traditional accommodation providers such as hotels, motels, and B&Bs, OAP MRDT is designed to tax transactions for renting short-term accommodation, such as Airbnb, and typically list basement suites, cabins, and cottages.

Under certain circumstances, designated recipients have the flexibility to define, identify, and fund affordable housing initiatives deemed appropriate to meet local needs. Typically, local governments leverage MRDT funds to secure additional funding for capital construction costs of affordable and workforce housing development projects. Designated recipients may use MRDT revenues for the following affordable housing purposes:

- Acquiring or improving land used for, or intended to be used for, housing or shelters;

In Tofino, MRDT revenue facilitated the development of 86 units of affordable housing.

In the Resort Municipality of Whistler, MRDT revenue facilitated the development of 664 affordable and workforce housing units.

- Acquiring, constructing, maintaining, or renovating housing or shelters;
- Paying expenses related to the administration or disposal of housing, shelter, or land acquired with money paid out of MRDT revenues;
- Supporting housing, rental, or shelter programs; and/or
- Supporting the acquisition, construction, maintenance, renovation, or retention of housing or shelter; or the acquisition or improvement of land intended to be used for housing or shelters.

The CVRD Board recently resolved to reallocate OAP MRDT revenues from tourism marketing to affordable housing. This creates the opportunity to provide affordable housing for workers in the tourism, accommodation, and service sectors, as well as support the recruitment and retention of workers for sustained tourism operations and programs. This direction is in-line with preferences of employers and employees throughout the Cowichan region indicated in an Economic Development Cowichan 2022 survey. The survey included questions around short-term rentals and MRDT where both employers (71%) and employees (80%) indicated a clear preference for redirecting revenues from OAP MRDT towards affordable housing initiatives.

In 2024, OAP MRDT funds will be added to the CVRD's existing Regional Housing Fund and allocated to affordable housing projects within the region using CHA's established grant programs. However, given the investment required to implement this Workforce Housing Strategy, it is recommended that the CVRD consider directing OAP MRDT funds towards Strategy implementation in 2025.

The revenue from MRDT can be further enhanced by increasing the tax rate. The maximum rate of tax under MRDT is 3% of the purchase price of accommodation. In Cowichan, MRDT funds are currently collected at a 2% rate. Designated recipients can request a change to the tax rate by submitting a complete application that meets the requirements. If approved, the tax will be renewed at the new rate for a five-year period. Increasing the rate creates an opportunity to generate more revenue to be shared between tourism marketing and affordable housing initiatives.

Short and Long-Term Funding to Support Capital and Operating Costs of a Potential Housing Corporation

Housing corporations typically require upfront capital investment such as land and cash to support operations and initial development projects. Over time, the business model of the HC may be able to transition into a self-sustaining model through a revenue-generating portfolio, community amenity contributions/cash in-lieu, commercial lease revenue from mixed-used development projects, and partnerships with senior levels of government. The framework for funding the proposed HC may initially be set up as a 'start-up plan' until a 'self-sustaining plan' can be upheld. Specifically:

- **Start-up funding:** the HC needs an initial injection of cash, land, and equity to support staffing and pursue development projects. As a starting point, the Cowichan Housing Association Financial Contribution Service already allocated to CHA could continue to provide funding under the new HC

structure. While the CVRD currently requisitions \$765,000 annually for the CHA Financial Contribution Service, there is an opportunity to increase this amount based on property values (up to \$1,557,788 in 2024)³. The Municipal and Regional District Tax from online accommodation platforms (OAP) can be redirected to the HC as well (approximately \$170,000 annually). Additional funding could come through Municipal Finance Authority (borrowed through the CVRD); and

- **Self-sustaining funding:** financial sustainability is possible for a housing corporation upon strategically pursuing initiatives that have a return on investment. For example, pursuing development projects that have a revenue generating component (e.g., market rents, commercial lease).

Subject to the feasibility study and detailed work plan, the HC may consider its early focus on developing revenue-generating housing projects (e.g., workforce housing units that generate market level rent revenue). It is important for the HC to focus on revenue generating housing projects (e.g., market-level rents) in order to be financially sustainable. Over time, the market portfolio can be leveraged as a means to deliver more affordable housing such as low-end of market rental or subsidized affordable housing units. As such, the initial portfolio may comprise mostly market housing, however over time, pivot towards more mixed-tenure projects. That said, the HC may consider opportunities to pursue a mixed-tenure or affordable housing project through partnerships or other beneficial incentives. Over time, through demonstrated experience, the HC may offer a competitive advantage for future opportunities and be a magnet to channel new funding investments into the Cowichan Region.

A summary of potential funding sources for the HC are outlined in the table below. There are other possible ways of generating revenue depending on partnerships or strategic initiatives (e.g., revenue generating social enterprises). A key consideration is there will need to be multiple sources of funding combined to sustain the HC, some of which will need to be consistently committed to provide certainty to operations and initiatives, while others may be supplementary or project-specific opportunities (e.g., eligibility for point-in-time program funding such as CMHC's Rapid Housing Initiative, or BC Housing's Community Housing Fund).

3. The statutory limitation is greater of \$765,000 or 0.04584/1000 of net taxable value (\$1,557,788 in 2023) which can potentially increase over time based on housing values. This financial contribution may be used to implement the Strategy.

Housing Corporation – Preliminary Potential Funding Sources

Start-Up Funding	Self-Sustaining Funding
<ul style="list-style-type: none"> • Borrow from Municipal Finance Authority of BC • Cowichan Housing Association Financial Contribution Service annual financial contribution (transfer to HC) • Housing Trust Fund (HTF) • Municipal land contribution • Online Accommodation Platforms portion of the Municipal and Regional District Tax • Provincial and Federal Programs (stackable funding for projects) • Rental Housing Capital Contribution Fund • Taxation 	<ul style="list-style-type: none"> • Affordable Housing Reserve Fund • Commercial lease revenue from mixed-use developments • Community Amenity Contributions (CACs) • MoU with Senior Level Governments • Provincial and Federal Programs (stackable funding for projects) • Rent revenue from housing projects

