



Cowichan Region Workforce Housing Strategy

A PLACE TO BUILD FUTURES

May 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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- 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. Enhance Short-Term Rental Regulations; 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 and have been designed to reinforce each other or be combined.

- **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. Specific solutions to speedily deliver units to the market are: consider the inclusion of temporary housing (e.g., RVs for seasonal workers) in temporary use permit guidelines, create a public education package on alternative housing forms, encourage businesses to participate in the Province’s Standardized Housing Design Project, mobilize modular housing construction, identify publicly-owned land for housing development, expand areas zoned for manufactured home parks, address the labour shortage issues within the construction and development industries, and make use of rental tenure zoning.
- **Enhance Short-Term Rental Regulations** 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 years of implementation. This includes reviewing zoning regulations to provide opportunities

to permit STRs, prioritize the development of a business licensing program for STRs, align zoning bylaws with ALR regulations to enhance the availability of on-farm agri-tourism accommodations, as well as monitor and report on the impact of new Provincial legislation and local regulations to support a healthy housing market and tourism industry.

- 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, the HC can take a lead role in the development of housing on behalf of the region and in partnership with other sectors.

Measuring the success of implementation is tied to the **desired outcomes** of each strategy, aimed to achieve after five 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 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 enhancing short-term rental regulations, the desired outcomes are to see an improvement to the market rental vacancy rate in the order of 3% or greater; and to maintain a healthy STR industry.
- With respect to the Housing Corporation, the desired outcome is to complete a feasibility study in time for a possible referendum in 2026.

With increasing expectations and requirements placed upon local governments by the Province to meet housing unit estimates, 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, Enhance Short-Term Rental Regulations, 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 Region. 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 Region.

Companion Documents

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

- i. **Worker Snapshots:** illustrates housing challenges experienced by different households in the Cowichan Region;
- 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 Region 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 the Cowichan Region, 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 THE COWICHAN REGION'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 as well as housing corporations and temporary use permits. Preliminary investments required to implement each action have been identified, however the source of investment is still to be determined.

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. Identify and secure lands to establish sites for seasonal workers accommodation (e.g. agriculture, tourism, and construction sectors)</p>	<p>Private sector industry and property owners</p> <p>Economic Development Cowichan (support)</p> <p>Tourism Cowichan (support)</p>	<p>Q2 2025, in advance of the seasonal influx of tourism and agricultural workers</p>	<ul style="list-style-type: none"> Enabling policy (local government) may be required to open lands for temporary workers accommodation. For example, support for existing campsites to support temporary workforce housing. On-site servicing (water and sewer) – could be temporary or permanent May require social servicing to address social concerns Permits may be required by local government, with additional requirements

<p>2. Create an opportunity for businesses to pool resources and pursue a workforce housing project collaboratively</p>	<p>Business Community</p> <p>Economic Development Cowichan (support)</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)
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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 the Cowichan Region. 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 Region.

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 the Cowichan Region, 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 the Cowichan

Region. 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 the Cowichan Region’s industries include:

- **Identify and secure lands to establish sites for seasonal workers accommodation:** 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 for workers accommodation. 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	
<p align="center">Accelerate Housing Development</p>	<p>To increase the number of housing units built in the Cowichan Region</p>	<ul style="list-style-type: none"> • 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
<p>1. Consider the inclusion of temporary housing in TUP guidelines for CVRD electoral areas and municipalities</p>	<p align="center">CVRD Member municipalities</p>	<p align="center">Q2 2024</p>	<ul style="list-style-type: none"> • Internal staff time • Public consultation • OCP amendment and/or zoning amendment for TUPs • Communication to businesses
<p>2. Create a public education package on alternative housing forms, including the minimum requirements for a legal (code-compliant) “tiny home”</p>	<p align="center">Economic Development Cowichan (lead) CVRD Land Use Services (support) CVRD Communications and Engagement (support)</p>	<p align="center">Q3 2024</p>	<ul style="list-style-type: none"> • Internal staff time • Graphic designer • Communications budget
<p>3. Encourage Cowichan-based businesses to participate in the Province’s Standardized Housing Design Project, particularly around standardized ADU designs</p>	<p align="center">Economic Development Cowichan (lead) Industry (partners)</p>	<p align="center">Q2 2024 - Ongoing</p>	<ul style="list-style-type: none"> • Internal staff time
<p>4. Plan and host a Modular Housing Construction Summit to raise awareness of the benefits of</p>	<p align="center">Economic Development Cowichan (lead)</p>	<p align="center">2025</p>	<ul style="list-style-type: none"> • Internal staff time • Budget allocation for venue and marketing

modular housing and assist with sector development	Industry (partners)		
5. Investigate enabling policy to support industry-led workforce housing solutions	CVRD Member municipalities	Ongoing	<ul style="list-style-type: none"> Internal staff time
6. Identify publicly-owned land that could be leveraged to support housing development	Economic Development Cowichan and CVRD GIS (lead) CVRD, member municipalities, Cowichan Housing Association (support)	Q1 2025	<ul style="list-style-type: none"> Internal staff time
7. Expand areas zoned for manufactured home parks	CVRD Member municipalities	Ongoing	<ul style="list-style-type: none"> Internal staff time Zoning updates
8. Investigate actions to address labour shortage issues within the construction and development industries as part of the EDC Strategic Plan	Economic Development Cowichan	Q4 2024	<ul style="list-style-type: none"> Internal staff time
9. Make use of rental tenure zoning where appropriate	CVRD Member municipalities	Ongoing	<ul style="list-style-type: none"> Internal staff time
10. Collect data on modular housing unit construction (i.e. data sharing agreement)	Private industry	Ongoing	

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 housing, accessory dwelling units, and modular housing construction. These solutions can help facilitate different housing typologies (e.g. multi-unit, ground-oriented infill, small single units, 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). Pursuing these solutions through the support of public education, identifying publicly-owned land for housing development, and addressing the labour shortage issues within the construction and development industries can all help accelerate development forward in a beneficial way.

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:

- **Consider the inclusion of temporary housing in TUP guidelines for CVRD electoral areas and municipalities:** 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 could also be used for project-specific employment such as agricultural works and construction workers living in the Cowichan Region temporarily during a specific project. 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. Guidelines would benefit potential applicants and, once established, will need to be communicated to the broader community.

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.

- **Educating Alternative Housing Forms:** throughout this process, engagement participants shared stories of alternative forms of housing that already exist in the Cowichan Region, 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 public education package on alternative housing forms, including the minimum requirements for a legal (code-compliant) “tiny home”.
- **Encourage Uptake in the Province’s Standardized Housing Design Project:** 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. This action encourages Cowichan-based business to participate in the Province’s Standardized Housing Design Project, particularly around standardized ADU designs. The resulting standardized designs may also be adjusted to comply with local zoning regulations. This action requires collaboration between Economic Development Cowichan and industry, as partners, to implement these designs.

- **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 raise awareness of the benefits of modular housing and assist with sector development. It is recommended that the Summit include discussions that will help the Cowichan Region prepare to apply for upcoming modular housing funding opportunities by identifying land, partnerships, and concepts. Other potential topic discussions could include prefabricated wall units and innovative servicing solutions.

Alignment

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

- **Identify publicly-owned land that could be leveraged to support housing development:** securing land for housing development is a critical step to shift an idea into a tangible concept. Leveraging publicly owned land can create certainty around the project and attract potential partners including funders.
- **Expand areas zoned for manufactured home parks:** manufactured home parks offer high unit yield development with typically less infrastructure requirements compared to multi-unit housing development at the same density. The price points, livability and accessibility would benefit many workers in the Cowichan Region. The CVRD and member municipalities will need to review existing Zoning Bylaws to identify opportunities for manufactured home parks, and consider requirements such as lot size.
- **Investigate actions to address labour shortage issues within the construction and development industries as part of the EDC Strategic Plan:** while more housing options would benefit construction and development industry workers looking for a home, more is needed to address the acute shortfall of workers in this industry. The EDC Strategic Plan should investigate ideas to address the labour shortage, towards increasing capacity of the sector that is ultimately needed to deliver the housing required to meet the region’s unit need estimate.
- **Make use of rental tenure zoning where appropriate:** rental tenure zoning restricts tenure to rental only. Local governments can apply this regulatory tool to an area, a building, or units within a building

which have a residential use². Adopting this tool across the region, where appropriate, can support the retention of existing rental housing and secure areas for future rental housing to meet the needs of the workforce.

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 five years:

- **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 the Cowichan Region 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. The data will need to be obtained from manufacturers in order to measure the uptake over time.
- **Average 600 total housing units built per year:** within five 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.

² The exception to this application of rental tenure zoning is where a unit is already occupied by an owner at the time that the zoning is put into place. In such a case the owner, and all future owners, would continue to have a right to occupy the residential unit.

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 Region 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: Enhance Short-Term Rental Regulations

STRATEGY	GOAL	DESIRED OUTCOMES IN 3 YEARS	
Enhance Short-Term Rental Regulations	To have market rental housing available to residents	<ul style="list-style-type: none"> Improved market vacancy rate (3% or greater) Maintain a healthy STR industry 	
ACTIONS	RESPONSIBILITY	TIMING	INVESTMENT REQUIRED
1. Review zoning regulations and provide opportunities for STRs through TUPs and rezonings, with consideration of the needs for temporary worker housing and the tourism industry	CVRD and member municipalities, in consultation with EDC and Tourism Cowichan	Ongoing, or per respective zoning amendment timelines for each jurisdiction	<ul style="list-style-type: none"> Internal staff time
2. Prioritize the development of a business licensing program for short-term rentals	CVRD	Q1 2025	<ul style="list-style-type: none"> Internal staff time
3. Align zoning bylaws with ALR regulations to enhance the availability of on-farm agri-tourism accommodations	CVRD Member Municipalities	Ongoing, or per respective zoning amendment timelines for each jurisdiction	<ul style="list-style-type: none"> Internal staff time Zoning updates
4. Monitor and report on the impact of new Provincial legislation and local regulations to support a healthy housing market and tourism industry	Economic Development Cowichan (lead) Tourism Cowichan (partner)	Q1 2025	<ul style="list-style-type: none"> Internal staff time

The Strategy

Enhancing short-term rental regulations (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. Enhancing 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

Scope of Regulating STRs

It is envisioned that this strategy will enhance short-term rental regulations 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.

- **Review zoning regulations and provide opportunities for STRs through TUPs and rezonings, with consideration for the needs of temporary worker housing and the tourism industry:** 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 90 days (period is necessary to distinguish the short-term rental from a residential tenancy that typically has a 90+ day term)³.
- 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 the Cowichan Region 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.

- **Prioritize the development of a business licensing program for short-term rentals:** in alignment with the new tool available to regional districts, the CVRD and municipalities should consider implementing a business license program to setup more nuanced STR regulations. As part of new legislation, online hosts are required to display their business license number on their listings. If a

Alignment

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

³ The Province of BC defines short-term rentals up to 90 days.

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.

- **Align Zoning Bylaws with ALR regulations to enhance the availability of on-farm agri-tourism accommodations:** exploring on-farm agri-tourism accommodation can divert some tourists from occupying short-term rental accommodation and make more STRs available for workers. Within the existing legislation, permitted residential uses on ALR land include: a principal residence and secondary suite, farm worker housing, and seasonal/short-term agri-tourism accommodation (limited to 10 sleeping units, and on properties that have a farm status).
- **Monitor and report on the impact of new Provincial legislation and local regulations to support a healthy housing market and tourism industry:** the Province is currently developing a data sharing program on STRs. A monitoring approach for the Cowichan Region can be developed once the Province releases details of this program.
- **Hotel accommodation:** explore new hotel accommodation development in the Cowichan Region to address the shortage of rooms, aligning with Tourism Cowichan and the CVRD's draft Accommodation Needs Assessment which identified an opportunity to deliver an additional 175 rooms to the region.

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 five years of pursuing STR regulation.

- **Market rental vacancy rate of 3% 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.
- **Maintain a healthy STR industry:** monitoring STRs in the Cowichan Region can be achieved once the Province releases details on its data sharing program.

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"> Complete feasibility study in time for possible 2026 referendum 	
ACTIONS	RESPONSIBILITY	TIMING	INVESTMENT REQUIRED
1. Conduct a feasibility study to identify the framework and process for transitioning CHA to a HC	CVRD (lead) CHA (partner)	Q3 2024-Q4 2025	<ul style="list-style-type: none"> Consultant Capital

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 the Cowichan Region:

- (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.

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.

Alignment

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

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 outcome outlined below is the key step required to understand the opportunities and risks with moving forward on this strategy:

- **Complete feasibility study in time for possible 2026 referendum:** while the scope of the feasibility study is still yet to be determined, possible components may include: further exploring if CHA should evolve into the HC, or a new entity should be established, and the cost-benefits of not pursuing the HC; roles and responsibilities of the CVRD and member municipalities (including interjurisdictional collaboration); and investigating the HC's operational scope (i.e. retaining existing services of the CHA, pursuing housing development programs, acquiring units, and inheriting housing agreements, etc.). Budget is also a substantial consideration for a Housing Corporation that should be explored as part of the feasibility study, given that upfront capital investment such as land and cash is typically required to support operations and initial development projects. Subject to the feasibility study, potential funding sources may include options from the following table:

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

IMPLEMENTATION

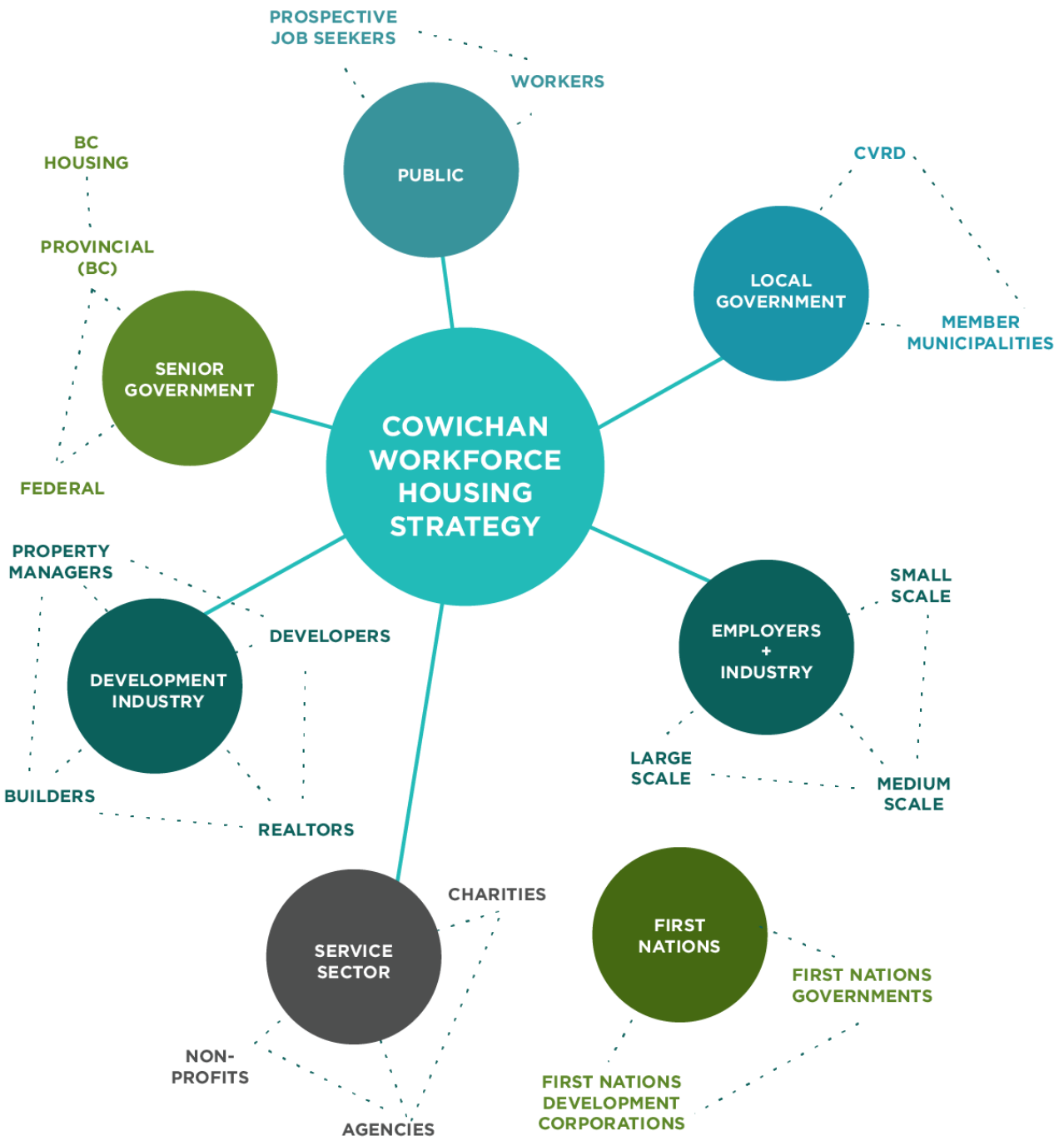
Collaborative Responsibility

Following a Collaborative Responsibility approach, success of the Cowichan Region 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.

Figure 1: Workforce Housing Strategy Implementation Shared Responsibility Collaborative Network



Specific Recommendations

1. Develop a regional planning service initially focused on a Regional Growth Strategy. Exploring regional servicing in relation to housing, including monitoring new residential construction, should be considered given the CVRD's Utilities Division is not a regional or electoral area-wide function. Undertaking a Regional Growth Strategy would enable the ability to identify areas in the region to concentrate large scale workforce housing that are most suited and serviced.
2. Consider creating a position for a Regional Housing Coordinator to lead the implementation of the Workforce Housing Strategy as well as the Cowichan Attainable Housing Strategy. Dedicating a staff person to oversee this work will help move the strategies forward in an environment where capacity is already strained.
3. Update OCPs and Zoning Bylaws throughout the region to support the development of a variety of housing forms and tenures that support the development of workforce housing.
4. Identify a budget and lead organizational responsibility within the CVRD for the Housing Corporation feasibility study.

Tracking Success

Tracking success can assist the Cowichan Region with monitoring the success of the Workforce Housing Strategy over the next five 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:** desired outcomes, which are informed by the data summarized in the Context Companion Report, should be tracked to monitor the implementation of the strategies over the next five years:

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. Increase uptake in ADU construction starts (5% target)	<ul style="list-style-type: none"> Building permit data (CVRD, Member Municipalities)
3. Increase uptake in modular housing construction (minimum 5% target)	<ul style="list-style-type: none"> Project Tracker
4. Average 600 total housing units built per year	<ul style="list-style-type: none"> Building permit data (CVRD, Member Municipalities)
5. Improved market vacancy rate (3% or greater)	<ul style="list-style-type: none"> Market Rental Report, CMHC
6. Maintain a healthy STR industry	<ul style="list-style-type: none"> Provincial data sharing program (anticipated 2024)
7. Complete feasibility study in time for possible 2026 referendum	<ul style="list-style-type: none"> TBD

Funding the Strategy

Funding is required to implement the Cowichan Region 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;
- 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

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.

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 the Cowichan Region, 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.

Concluding Comments

Guided by the Workforce Housing Strategy, the Cowichan Region remains committed to meeting the needs of the workforce. Housing the workforce is a complex issue that cannot be addressed in isolation and requires partnerships between all sectors and levels of government. Organizations across the region are already working closely and collaboratively on many local initiatives, and leveraging these strong community ties will support the implementation of this Strategy.

