



ANALYSIS of RENTAL ONLY ZONING OPPORTUNITIES for the TOWN of LAKE COWICHAN

HOUSING ACCELERATOR FUND (HAF) INITIATIVE #2



Figure 1 Vacant parcel on Edgewood Drive, zoned R7

Prepared May 18, 2024

1. Introduction

The Town's Official Community Plan speaks emphatically and specifically to the creation of rental housing. This is a reflection of changing demographics, economic reality, and a desire to build a community that is inclusive for all people at all stages in life.

The plan's policy is the voice of the people living here today and a voice for future generations.

The free market easily and profitably produces three bedroom-detached units for private ownership without any extra encouragement. By contrast, rental only housing requires a pro-active approach led by local government. The following analysis creates a path for the Town to take that will result in construction of purpose built rental units.



Figure 2 Vacant parcel at 19 South Shore Road, zoned C3

2. Housing Acceleration Fund (HAF) Grant Initiative Description

The Town is enjoying the award of a federal HAF grant of \$885,750 to accelerate the construction of housing over a period of three years. Initiative #2 Rental Only Zoning will serve to achieve the town's goal of building purpose built rental housing.

The initiative comprises three milestones:

1. Background analysis to determine suitable rental only parcels.
2. Zoning Bylaw map change, including Advisory Planning Commission review and recommendation, bylaw readings and public hearing.
3. Funding contribution for rental units (partial completion).

The formally promised expected results of this initiative is five (5) built rental only units, incentivized by this initiative. Funds may be used for policy work that results in rental only zoning for specific parcels, for development cost charges, and for direct infrastructure such as street widening and sidewalks.

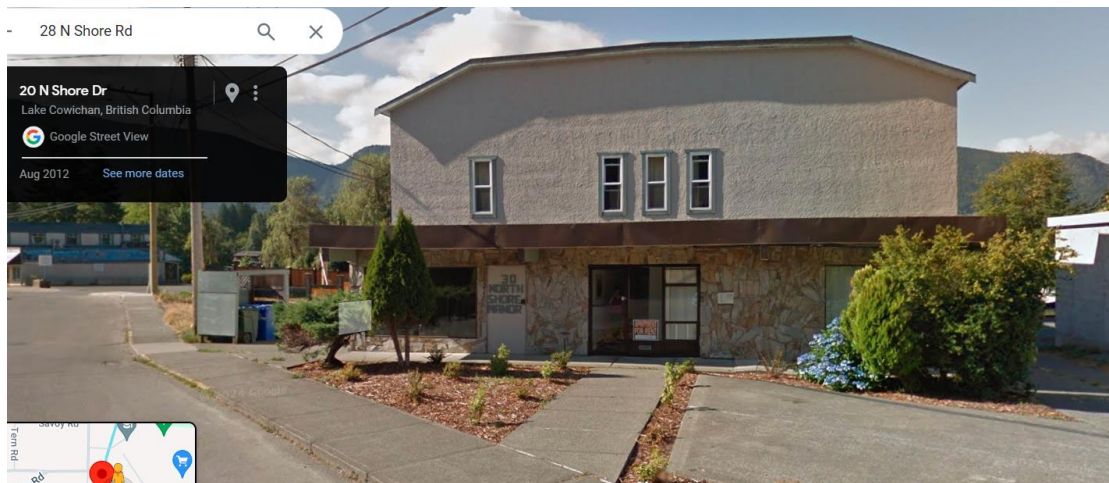


Figure 3 Apartments at 28 North Shore Road

3. What the Local Government Act Provides to Support Rental Only Zoning

The Local Government Statutes (Residential Rental Tenure Zoning), Amendment Act, 2018, S.B.C. 2018, c. 26 makes amendments to the Local Government Act and Vancouver Charter. The legislation provides local governments with a new authority to zone for residential rental tenure (i.e. rental housing), and enact zoning bylaws that:

1. require that new housing in residential areas be developed as rental units; and
2. ensure that existing areas of rental housing are preserved as such.

The new rental zoning authority can only be used where multi-unit residential use is a permitted use. Within these areas, local governments can now:

1. set different rules in relation to restricting the form of tenure of housing units for different zones and locations within a zone; and
2. require that a certain number, portion or percentage of housing units in a building be rental. The intent of these changes is to give local governments greater ability to preserve and increase the overall supply of rental housing in their communities, and increase housing choice and affordability.

The new authority came into effect on May 31, 2018, on Royal Assent, and is now available for local governments to use.¹

This tool can be used at different geographic scales - e.g. blocks, lots, or individual buildings. Within a building, it can be used to require that all housing units, or a certain number, portion, or percentage of housing units be rental. This means that communities of all sizes can be surgically precise in applying the authority to support local goals of neighbourhood completeness and diversity.

As noted above, rental zoning can only be used in locations where multi-unit residential is a permitted use. These locations could be in zones that are strictly multi-unit residential, or within comprehensive development or multi-use zones where multi-unit residential is one of several permitted uses. Importantly, a local

¹ Residential Rental Tenure Zoning Bulletin, Ministry of Municipal Affairs and Housing, April 3, 2018. Available at https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/residential_rental_zoning_bulletin1.pdf

government can only limit tenure to residential rental tenure (i.e. it cannot not limit tenure to ownership and prevent rental).

Eligible zone districts in the town include the following:

- R4 Medium Density Residential
- R7 Multi-unit Residential
- P1 Public Use (Parks and Institutions)
- C1 General Commercial
- CD-Comprehensive Development (subject to permitting multi-unit residential)

For the purpose of this analysis and recommended zoning bylaw amendments, the definition of multi-family residential units is that of the town's Zoning Bylaw:

MULTI-UNIT RESIDENCE means occupancy or use of a building as three or more dwellings and includes townhouses and apartments



Figure 4 Vacant land at 21 Oak Lane

4. What is Happening in Other Communities?

It is instructive to learn what other communities in the province are doing with regard to these new zoning powers. Initiatives in the communities of New Westminster, Burnaby, Victoria, and North Cowichan are discussed.

a) *New Westminster*

In an effort to preserve rental housing, the city adopted a bylaw that unilaterally rezoned certain residential buildings as “residential rental tenure” such that all units in the buildings could only be lawfully occupied by residential tenants who are unrelated to the owner of the unit. This prohibited owners from occupying their units in these buildings.

Owners of units in six residential buildings that were subject to the bylaw took the city to court to have the bylaw set aside or to obtain a declaration that the bylaw did not affect their properties. In *V.I.T. Estates Ltd. v New Westminster (City)*, 2023 BCCA 183, the British Columbia Court of Appeal (BCCA) dismissed a challenge to the bylaw that restricted zoning to residential rentals. The Supreme Court of BC also dismissed the claims and ruled in favour of the City of New Westminster.²

b) *Burnaby*

The City of Burnaby establishes a rental use zoning policy in four streams:

- 1) Replacement rental at 1:1, including 20% below CMHC market rental rates;
- 2) Inclusionary rental for new multi-family development, with 20% of units below market rate;
- 3) Voluntary rental in commercial districts, unused commercial density may be used for rental units; and
- 4) Protection of existing rental, using density offsets (additional) to offset cost of rental units.³

² Restricted Zoning: the BCCA Confirms Powers to Enact Rental-Only Bylaws Under the Local Government Act, blog at Bennet Jones, March 21, 2024. Written By Mark V. Lewis, Alana Walter and Brienne Gloeckler. Available at <https://www.bennettjones.com/Blogs-Section/Restricted-Zoning-The-BCCA-Further-Establishes-Powers-to-Enact-Rental-Only-Bylaws-Under-the-LGA>

³ Rental Use Zoning Policy, City of Burnaby, current City website. Available at <https://www.burnaby.ca/our-city/programs-and-policies/housing/rental-use-zoning-policy>.

c) North Cowichan

The District of North Cowichan takes advantage of the rental-only power within specific Comprehensive Development Zones. In the case of the Ford Road South Comprehensive Development Zone (CD23 zone), the following requirement:

- Conditions of Use (10) The conditions of use for the CD23 Zone are as follows:
 - (a) In Area 1, 100% of all dwelling units shall have a form of tenure that is “residential rental tenancy”

d) Victoria

In typical Victoria government style, the planning department continues to study the matter and no zoning standards have yet been adopted. The observations and recommendations of their study are however, very instructive.

A planning report to identify general areas and specific sites identifies the following characteristics for areas best to be subject to rental-only zoning:

1. **Transit Richness:** Access to existing or desired frequent and rapid transit routes, particularly more than one route is desired (approximately a 5-minute walk, or 200 metres).
2. **Services and Amenities:** Proximity to an urban village with a full range of services, parks, and other amenities is desired (approximately a 10-minute walk or 400 metres; or 15-20 minute walk of downtown).
3. **Mix of On- and Off-Corridor Areas:** While proximity to transit is desirable for many, we heard strongly from the community that others, including renters, desire multi-unit housing in quieter locations, near but not directly on major transit corridors. Traffic impacts (noise, pollution) were seen as an equity issue.
4. **Appropriate Lot Configuration:** Lot depths can constrain the ability to physically accommodate the density required for rental housing to be viable (generally 2-2.5:1 FSR) and still meet the design guidelines.
5. **Economic Viability:** Some areas are more likely to be economically viable for rental housing, per land lift analysis, and this should be taken into consideration. (However, it is not possible to ensure that all selected lots would be viable for rental housing today, at the densities being proposed, as viability is constantly changing and depends on factors such as land value, construction costs, market rents, interest rates, and other rental incentives).

6. **Opportunity to Improve Public Realm:** Areas where public realm improvements are a priority are desirable locations to encourage housing through an applied rental tenure zone (particularly enhanced sidewalks, street trees, boulevards, and bicycle facilities where desired).

The report concludes that the best areas to be considered for City Initiated Rental Tenure Zoning are a hybrid *on or near frequent transit corridor* (Bay, Cook and Quadra) and *villages* (Quadra, North Park, Fernwood).⁴

Some of the characteristics identified by the City of Victoria will be adapted for the Town of Lake Cowichan.



Figure 5 Town owned undeveloped land with address of 55 Coronation

⁴ Residential Rental Tenure Zoning and Destination Zones Emerging from Local Area Planning, City of Victoria, Planning Department, April 24, 2022. Available at <https://pub-victoria.escribemeetings.com/filestream.ashx?DocumentId=80160>.

5. Residential Tenure⁵ Housing Zoning Workshop

A workshop hosted by the Housing Research Collaborative offers the following perceived benefits for residential tenure rental zoning:

- Good for non-profit housing groups.
- **Pre-zoning** reduces uncertainty for developers.
- It can improve the **consistency** around governmental decisions regarding housing development.
- **Commercial properties** can also incorporate residential rental to provide an opportunity for developers and business owners to diversify their portfolios.
- The tool has the potential to be successful if used in the planning process of a predominantly single-family area, where traditional values are embedded in the community culture, or in master-planned communities.
- If it is introduced in the planning phase during community engagement, **pre-zoning** could be an appropriate way to implement rental only zoning.⁶

6. Principles We Can apply

The following principles are important for establishing the pro-active approach to achieving purpose built or existing built rental-only housing.

1. The recently adopted Official Community Plan policies and direction form a sufficient background for action.
2. Approval of the Official Community Plan with its opportunities for input at community workshops and a public hearing **suffice for implied consent of the owners of all potential parcels**. The town received no objections to the plan.
3. Specific consent by the landowner is not necessary.
4. Pre-zoning is an appropriate concomitant action with rental tenure application.

⁵ Tenure means the condition under which land or buildings are held or occupied. For example, land may be occupied through fee simple ownership, it may be leased for a period of time under certain conditions, or it may be rented on a monthly or annual basis.

⁶ Residential Rental Tenure Zoning in the Capital Region, the Housing Research Collaborative, November 2019. Available at <https://housingresearchcollaborative.scarp.ubc.ca/files/2019/11/RRTZ-Workshop-Final-Report.pdf>.

5. Characteristics identified by the City of Victoria and the Rental Tenure Workshop may be used in our analysis. Specifically:
 - a. Infrastructure availability (water, sewer, road);
 - b. Services and amenities;
 - c. Transit richness;
 - d. Non-profit status;
 - e. Pre-zoning; and
 - f. Recent, ongoing, or anticipated development approval process.



Figure 6 Vacant land under zoning consideration; 7955 Cowichan Lake Road

7. Analysis

The Analysis Matrix within this report in the next section, in spreadsheet form, provides a detailed analysis of potential parcels to receive rental-only zoning designation on the zoning bylaw map and any requirements for specific to unique parcels.

Parcels are categorized broadly by:

- Vacant land
- Developed property
- Currently under development review

Further, the following information is provided for each parcel:

- Address
- PID
- Acreage
- Current zoning
- Unit potential
- Development proposals, previous, current, or anticipated
- Comments

Finally, parcels are evaluated and rated in accordance with the following:

- Serviced (water, sewer, streets)
- Transit access –poor, good, excellent
 - Note that the town is well served by two bus routes connecting to Duncan 7 and 7X. Additionally, bus service to Honeymoon Bay and Youbou begins at the main transit centre on South Shore Road adjacent to the Fields store.
- Non-profit ownership

A score is given to each parcel with a point for infrastructure service, transit access (one point for good, two points for excellent), amenities and services–within uptown or downtown), a point for non-profit ownership or potential, to a maximum of 4 points.

1. High scoring parcels earning 3 or 4 points

- Vacant
 - 15 and 19 South Shore, adjacent parcels owned by SureSpan
 - 55 Coronation, partially vacant land with significant frontage on South Shore, owned by town
 - 96 Cowichan Ave, 60 by 120 foot lot
 - 89 Lake view Ave, 60 by 120 foot lot
 - 64 Renfrew, future Lakewood Manor
- Existing multi-unit residential
 - 61 Riverside, Olson Manor
 - 155 South Shore, former Elks building
 - 28 North Shore, apartments
- Redevelopment opportunity
 - 38 King George (pizza shop with vacant land)
 - 39 King George, former Island Savings
 - 29 Renfrew, existing commercial and apartments

2. Stand out parcels most likely to achieve success with new rental units in the next three years:

Simple scoring, however, is not sufficient to ascertain which parcels are most likely to achieve new purpose built rental units within the next three years. Developer interest and non-profit initiatives play a significant role, even if a parcel otherwise has a low score for identified desirable characteristics.

- Lot 12, Elk Road. Although having a low score, there is interest by the owner and Habitat for Humanity for a 24-unit townhouse development.
- 64 Renfrew, Lakewood Manor proposal, awaiting government funding for 30-unit seniors independent living apartments.

3. Collaborative Opportunities

Some of the parcels identified require an imaginative and collaborative approach to achieving rental only built units. These are discussed in the following paragraphs.

- Elk Road, lot 12

- Habitat for Humanity has an interest in developing 24 townhomes on this one-acre parcel. It requires servicing, street and sidewalk improvements. The town can pre-zone to R4, apply an R to the zoning map and require 100% of units to be rental only. Funds from the HAF grant can be applied to paying for adjacent infrastructure improvements and the cost development charges.
- 21 Oak Lane
 - This parcel is a former school district property and is now in private hands. Town citizens have insisted that the land remain zoned for public use only. The current owner has made several unsuccessful attempts to rezone for multi-unit residential development.
 - The town could take the lead in a partnership to develop the land for both private and public uses, which would be an incentive for the current owner, and preserve a portion for exclusive public use. A CD zoning could facilitate this approach and result in development of up to 50 rental only private apartments.
- 55 Coronation Street
 - Land owned by the Town could be offered to a private or non-profit developer to create rental only affordable apartments. It is the best site for such a facility, given its siting adjacent to the transit exchange and many public services and amenities.
- 7955 Cowichan Lake Road
 - A rezoning application is currently under review. The applicant is proposing a portion of the development for exclusive rental apartments. Significant challenges for servicing may delay ultimate construction of units.

4. Additional considerations

Requiring rental tenure for triplex and four-plex units within any zone and condition where they are permitted may be another opportunity. An owner-occupation of one of the units may serve to encourage such development. It may be difficult to monitor and manage the necessary housing agreements.

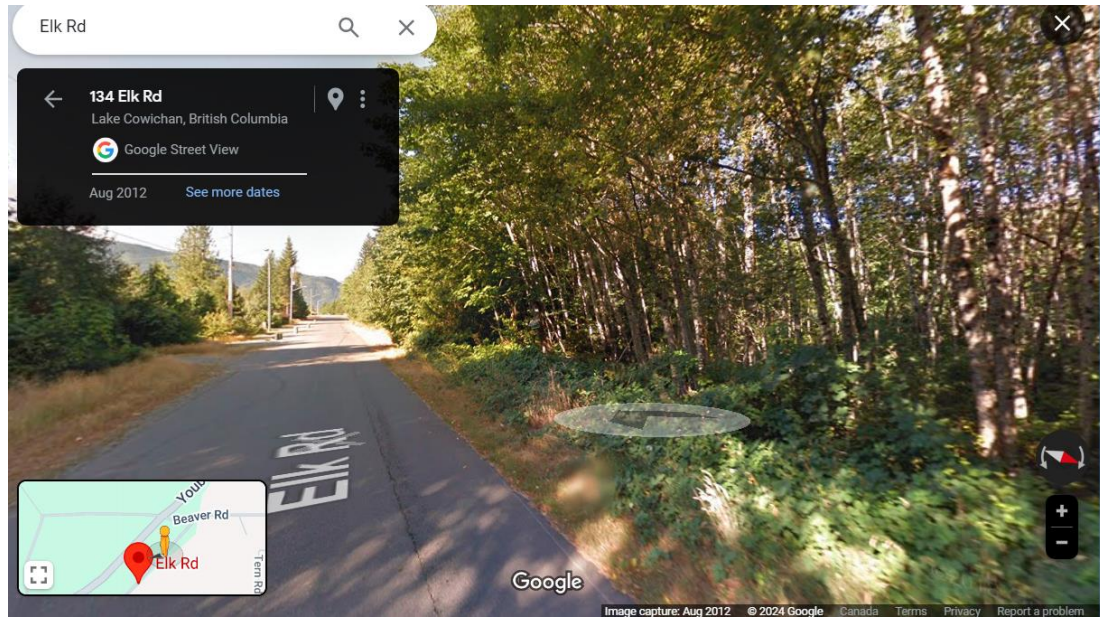


Figure 7 Vacant Parcel, Elk Road: LOT 14, BLOCK 12, PLAN VIP1750, SECTION 5, RENFREW LAND DISTRICT

8. Analysis Matrix

Lake Cowichan Rental Tenure Zoning Analysis												
Zoning Bylaw No. 1055-2021 and Proposed Amendments												
Parcels	Address or legal	PID	Acres	Current Zoning	Infra-structure Serviced	Transit access	Downtown / Uptown	Unit Potential	Non-profit ownership	Zoning change	Rating	Comment
Rating: 1 point for infrastructure service, 1 point for good transit access, 2 points for excellent transit access, 1 point for downtown or uptown location, and 1 point for non-profit ownership												
Vacant Parcels												
	Elk Road, LOT 14, BLOCK 12, PLAN VIP1750, SECTION 5, RENFREW LAND DISTRICT	006-914-756	1.09	R3	No	Poor	No	6 to 24	Not now; possibly future	Pre-zone to R4; apply R for 100% of units	1	Adjacent to riparian area; possible habitat for humanity interest
	Elk Road LOT A and B, PLAN VIP30829, SECTION 5,	001-221-604 001-221-591	1.92 and 1.78	R7	Yes	Poor	No	6 to 12	No	Apply R any triplex of four-plex	1	Preliminary subdivision for 3 lots approved, remainder undivided
	Edgewood Drive LOT 1, PLAN EPP107675, DISTRICT LOT 48	031-401-244	0.684	R7	Yes	Moderate	No	12	No	Apply R for 100% of units	2	2021 DP approval for 12 townhouses
	Edgewood Drive LOT 2, PLAN EPP107675, DISTRICT LOT 48	031-401-252	10.255	R7	Partial	Moderate	No	200	No	Apply R for 25% of units	2	
	Hwy 18 and near McDonald Ave	019-023-863	3.58	R7	No	Good	No	75	No	Apply R for 25% of units	1	
	15 South Shore	000-198-528	60 X 180	C3	Yes	Excellent	Yes	25	No	Prezone R7; 50% rental	4	

Lake Cowichan Rental Tenure Zoning Analysis												
Zoning Bylaw No. 1055-2021 and Proposed Amendments												
Parcels	Address or legal	PID	Acres	Current Zoning	Infra-structure Serviced	Transit access	Downtown / Uptown	Unit Potential	Non-profit ownership	Zoning change	Rating	Comment

Rating: 1 point for infrastructure service, 1 point for good transit access, 2 points for excellent transit access, 1 point for downtown or uptown location, and 1 point for non-profit ownership

	19 South Shore	000-198-510	11988 Sq Ft	C3	Yes	Excellent	Yes	24	No	Prezone to R7; apply R to 50%	4	
	21 Oak Lane	004-534-956	11.56	P1	Partial	Good	Yes	50	No	Collaborate with owner for CD zone; apply R to 50% of units	2	Former school district office; uses limited to institutional housing
	55 Coronation St. with frontage on South Shore	000-272-248	1.05	P1	Yes	Excellent	Yes	30	Yes	CD zone with public use and private rental	4	Seniors bldg and vacant grass area owned by Town
	96 Cowichan Ave.	007-657-544	60 X120	C1	Yes	Good	Yes	12	No	Rezone to R7; Apply R for 100% of units	3	
	172 South Shore	007-657-561	60 X120	C1	Yes	Good	Yes	12	No	Rezone to R7; Apply R for 100% of units	3	
	89 Lakeview Ave W		0.173	R7	yes	Good	Yes	12	yes	Prezone to R4; apply R for 100% of rental units	3	Former Boy Scouts building

Lake Cowichan Rental Tenure Zoning Analysis												
Zoning Bylaw No. 1055-2021 and Proposed Amendments												
Parcels	Address or legal	PID	Acres	Current Zoning	Infra-structure Serviced	Transit access	Downtown / Uptown	Unit Potential	Non-profit ownership	Zoning change	Rating	Comment
Rating: 1 point for infrastructure service, 1 point for good transit access, 2 points for excellent transit access, 1 point for downtown or uptown location, and 1 point for non-profit ownership												

Parcels In Development Review												
	7955 Cowichan Lake Road & Lot B, Dist Lot 16	006-130-453 001-378-635	12.7	R-2, R3, R7	No	Good	No	76	No	CD	2	Emerald Valley rezoning; 50 rental only units proposed; apply R to 25% of all units
	64 Renfrew	Awaiting lot consolidation	aprox 120 by 120 ft	P1	Yes	Excellent	Yes	30	Yes	100% of units for rental	4	Development Permit review
	Point Ideal Drive, new unrecorded subdivision	Pending	0.89	R-5	Yes	Poor	No	6 to 24	No	Pre zone to R4; apply R for 100% of units	1	Rezoned from R1 to R5; informal 6 unit strata proposal; informal 24 unit townhouse concept

Lake Cowichan Rental Tenure Zoning Analysis												
Zoning Bylaw No. 1055-2021 and Proposed Amendments												
Parcels	Address or legal	PID	Acres	Current Zoning	Infra-structure Serviced	Transit access	Downtown / Uptown	Unit Potential	Non-profit ownership	Zoning change	Rating	Comment
Rating: 1 point for infrastructure service, 1 point for good transit access, 2 points for excellent transit access, 1 point for downtown or uptown location, and 1 point for non-profit ownership												

Developed												
	61 Riverside		0.425	R7	Yes	Excellent	Yes	12	Yes	Apply R to 100% of units	4	Olson Manor
	205 South Shore	023-722-371	21376 sq. ft.	C1	Yes	Good	no	12	no	Apply R to 100% of units	2	2 story bldg w apartments on top
	155 South Shore		120 by 120 ft.	C1	Yes	Good	yes	12	no	Apply R to 100% of units	3	Former Elks bldg
	38 King George		21635 sq. ft.	C-1	Yes	Excellent	yes	30	No	Apply R to 100% of units	4	Former Island Savings; redevelopment potential
	39 King George		15138 sq. ft.	C-1	Yes	Excellent	yes	50	No	Rezone to CD with mixed commercial and	4	Pizza shop, remainder vacant
	29 Renfrew	027-772-837	7202 sq. ft.	C-1	Yes	Excellent	yes	12	No	Apply R to 100% of units	4	Former school
	28 North Shore	031-401-244	0.34	C-3	Yes	Excellent	Yes	13	No	Pre-zone to R4 or R7; apply R for 100% of units	3	Former theatre, recently renovated, used illegally as short term rental

9. Proposed Zoning Change Showing Subject Parcels

