

# Hit and Miss with Missing Middle Housing Legislation

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World Town Planning Day provides an annual day to celebrate how planning improves the lives of people and all our communities across the world. It's about promoting sustainable places to work, live, and play. A global challenge continues to be providing affordable and diverse housing for our communities. The new "missing middle" housing legislation passed by the BC provincial government is an attempt to address this challenge.

The province has mandated land use planning amendments to increase housing density in single-detached zones and transportation-oriented developments. Some major changes required in single-detached residential zones are to permit secondary suites or laneway homes, and small-scale, multi-unit housing such as triplexes and townhomes in municipalities with a population over 5,000 and within urban containment boundaries by June 30, 2024. Local governments must update their housing needs reports using a standardized methodology to estimate housing needs over a 20-year time horizon and then correspondingly update OCPs and zoning bylaws every 5 years to pre-zone for the 20-year total projections.

As an early assessment, let's look at some "hits" and "misses" of this new legislation.

## "Hits"

1. Modernizing OCPs and zoning bylaws – gone are the days when local governments can spend 3-5 years updating their OCPs and prepare bylaws hundreds of pages long, with many more hundreds of pages in attachments. Often containing 20-30 years of work program priorities and many lofty policies and inspired visions, the reality is local governments have neither the legal obligation nor adequate resources to implement them. Public engagement for these massive bylaws often misleads the public into believing most of it can be done in the next 5-10 years. Moreover, with time and budget resources often exhausted, the much more difficult task of updating often very old zoning bylaws is not undertaken, leaving much of the OCP never implemented. With required 5-year reviews to update housing needs assessments, OCPs will likely be much shorter and hopefully will contain priorities for growth management instead of bloated wish lists. Zoning bylaws will have to be modernized – a very big task for those local governments who have just been consolidating zoning amendments for

decades. A more detailed analysis of housing demand should drive updates of asset management plans; after all, OCPs are the “master asset management plan,” setting the locations and standards for future growth in our communities, and the resulting core infrastructure needs and costs.

2. More housing diversity – Single-family dwelling (SFD) neighbourhoods take up most of the land area in our communities. More diverse housing types are needed due to prohibitive purchase costs, an aging population wanting smaller homes in their neighbourhood (to age in place), and to make better use of existing infrastructure and related services. Resolving the impasse between the “Not in My Back Yarders” (NIMBYs), developers, and 4-year term local governments removes a significant impediment to the diversification of single-detached neighbourhoods.
3. DC to AC (not AC/DC!) – Development cost charges have been replaced with amenity cost charges that expand the services for which local governments can recover to include solid waste and recycling facilities, fire protection services, and police facilities. This will improve the cost recovery of new development, which otherwise is funded by existing taxpayers.

### “Misses”

1. Feasibility for development – High inflation and financing rates combined with continuing labour force and supply shortages mean many small-scale projects, such as the “missing middle,” are not financially feasible for private developers to undertake. This issue has been raised in Ontario, where legislative changes have been made earlier than in BC to build more housing. Housing targets are not being met by 38 of 50 local governments (76%) being tracked by the Ontario government. This leaves those local governments ineligible to access the billion-dollar infrastructure fund, in addition to having their development costs slashed. These local governments have pointed out the private sector is required to build most of the housing under this new scheme, and current market conditions have resulted in the housing not being built to meet provincially imposed targets. As market conditions are similar in BC, the outcome is likely to be the same. The missing middle legislative changes may be deemed a success in perhaps 10-15 years,

but not in the short term, where they are expected to address the current housing crisis.

2. Missing rental not missing middle – To supply affordable housing in the short-term, rental units need to be constructed in the tens to hundreds of thousands. Both the federal and provincial governments have existing housing corporations that are already constructing housing. When partnered with private sector developers (the ones who can't afford to build the missing middle under current market conditions), rental supply can be significantly ramped up in the short term. Using federal and provincial lands is exempt from local government zoning authority, so rental housing can also be supplied even faster.
3. Mind the (glaring) gap – The lack of good asset management practices in local government has been well documented and the Federation of Canadian Municipalities (FCM) has estimated the funding gap between what is needed to replace basic infrastructure – such as roads, water and sewer lines – to be at least \$150 billion<sup>2</sup>. Given poor practices that don't accurately account for asset condition or replacement costs, that gap is likely much higher. While provincial and federal government asset management practices aren't any better, local government funds 60% of core infrastructure on 8 cents on the tax dollar in Canada (the provincial government gets 42 cents and the federal government gets 50 cents). This funding structure is not sustainable and a major limitation to servicing new development, particularly with infill development which is usually supplied by older infrastructure. A billion-dollar infrastructure fund is “a drop in the bucket” of what is needed even to maintain and replace existing infrastructure, let alone expanded or new infrastructure. FCM has estimated the cost to build infrastructure to support housing-construction targets to be \$600 billion for the 5.8 million homes needed by 2030 across Canada.<sup>3</sup>

The BC provincial government has taken back some of its land use planning authority delegated to local governments and is trying to significantly increase the housing supply in the short term. Land use planning had become incremental, stuck in the self-interests of many proponents, poor design, and inefficient approval processes. It's time for the

planning profession to up its lobbying game – big time. With all the competing interests and increasing risks in growth management in our communities, professional planners must raise our concerns. We've all thought of them, usually late at night after a nasty public hearing! Incrementalism is the worst status for planners and doesn't achieve the goals of World Town Planning Day. **To plan is to lead. Your voices are now needed.** The diversity of thoughts, fears, ideas, and frustrations of our profession need to be raised to address the quality of life in our communities. And we have a new committee to review exactly these issues funded by the provincial government.

PIBC has partnered with the BC Ministry of Housing to develop and implement a new Peer Learning Network (PLN) to support local government staff with their counterparts across the province so that they can share existing best practices and innovative approaches to streamlining development approvals and advancing housing supply. The need for a Peer Learning Network was identified during consultation by the Province with local governments, housing providers, builders, planners, and other stakeholders as part of the Province's Development Approvals Process Review (DAPR). The Province has provided PIBC with \$500,000 in funding over 3 years to support the PLN's development and implementation with an expected launch beginning in winter 2024<sup>4</sup>.

This article is intended to help start the conversation. Please participate!

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<sup>1</sup><https://burlingtongazette.ca/burlington-will-miss-out-on-provincial-funding-not-enough-concrete-being-poured/>

<sup>2</sup><https://www.pemac.org/members/pemac-ac-knowledges-international-volunteer-day>

<sup>3</sup><https://www.link2build.ca/news/articles/2023/november/fcm-study-finds-that-the-cost-to-build-infrastructure-to-support-new-housing-could-be-as-high-as-600b/>

<sup>4</sup>Visit the PIBC Peer Learning Network web page for current PLN development updates and resources. <https://www.pibc.bc.ca/pln>