

## **How the Province Can Support**

### **Rental Housing Solutions for Small Rural Communities**

Small rural communities can face rental housing challenges that threaten community well-being. These challenges can be quite different than those of urban communities and require different approaches to support solutions.

#### **An Example: Hornby Island – a Community in Housing Crisis**

- Hornby Island has a year round population of about 1,000 people.
- Median income is little more than half that of BC
- Low local incomes excludes most work force members from buying homes
- 45% of all households need rental housing costing less than \$700 a month
- A new Housing Needs Assessment says that 65 to 97 affordable units are required.
- There is a waiting list of 30 people for the 11 affordable seniors' housing units.
- There are 40 expressions of interest for 20 planned affordable units not yet funded
- 50% of dwellings are owned by non-residents for second homes / future retirement
- This makes up most of the potential rental housing pool
- Rental housing use is competing with recreational and vacation uses

#### **Solutions/challenges**

There are three ways to increase the pool of rental housing, each with particular challenges:

- a) Building non-profit affordable rental units
  - Challenge: funding, especially for infrastructure costs
- b) Encouraging rental of existing dwellings owned by non-residents
  - Challenge: competing uses and low potential returns
- c) Permitting additional dwelling units on larger residential lots
  - Challenge: use of such units for residential tenancies cannot be required

#### **How the Province can support solutions:**

##### **1) Support non-profit rental housing projects through directed taxation**

###### **Return Property Transfer Tax to communities to fund housing**

The key recommendation of the “*Housing Solutions for Small Communities*” conference I organized in 2006 (over 100 participants from across the province) was that the Property Transfer Tax should be returned to the communities from which it is collected to fund affordable housing. That would ensure that part of the windfall gained from escalating local real estate values would be used to off-set the impacts upon affordability in the affected communities.

## **2) Support essential added costs of rural non-profit rental housing projects**

### **Fund infrastructure required for rural housing**

Unlike in municipalities with serviced lots, non-profit housing projects in rural communities are faced with the additional infrastructure costs to provide on-site water provision and liquid waste treatment. Funding for housing projects, such as through BC Housing, should include provision for these costs which cannot easily be covered through fundraising.

## **3) Support second homes being made available for rental housing**

### **Create a “Home Provider Grant”**

The economics of renting are not encouraging in communities where incomes are low and property management costs can be high. In communities where the potentially available rental units are privately-owned second homes, often acquired for future retirement, encouragement is needed for these to be made available for residential rental use rather than for recreational use by owners, family, friends or paying guests.

A carrot, rather than a stick (such as the Speculation Tax) could support housing availability in these circumstances. It could be a “Home Provider Grant” (equivalent to the Homeowner Grant) made available to owners of second homes who are renting the dwelling through a Residential Tenancy Agreement.

## **4) Support term tenancies**

### **Enable term tenancy agreements**

In the absence of enough year-round rental opportunities, quite a number of residents depend upon residential rentals available for nine or ten months of the year with the owners using their second homes for summer recreational purposes. There is apprehension that the present provisions of the *Residential Tenancy Act* could make owners reluctant to enter into such arrangements, thereby reducing the rental pool. It would be helpful to have a provision for term tenancy agreements for such circumstances.

## **5) Supporting additional units on private lots for rental housing**

### **Enable regulations to specify use of additional units for rental housing**

Local governments can permit additional units, such as secondary suites, carriage houses or detached units, on residential lots through zoning regulations or Temporary Use Permits. However, these cannot specify that the units be used to provide residential rental housing rather than for guest accommodation. (The option of using housing agreements for single units is a cumbersome bureaucratic process). Changes to the *Local Government Act* to enable local governments to specify that additional housing permitted on an otherwise single dwelling residential lot could open the door to appropriate rental housing opportunities.

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