



Committee of the Whole Report

For the Meeting of December 5, 2024

To: Committee of the Whole **Date:** November 21, 2024

From: Karen Hoese, Director, Planning and Development

Subject: **Victoria Housing Reserve Fund Applications – September 2024 Intake**

RECOMMENDATION

1. That Council approve the following grants from the Victoria Housing Reserve Fund, subject to satisfaction of the conditions in recommendation number 2:
 - a. to the Aboriginal Coalition to End Homelessness Society in the amount of \$262,500 to assist in the construction of a 34-unit Indigenous supportive housing project at 938 Mason Street;
 - b. to the Capital Region Housing Corporation in the amount of \$1,160,500 to assist in the construction of a 158-unit affordable rental apartment project at 926-930 Pandora Avenue; and
 - c. to the M’akola Housing Society in the amount of \$757,500 to assist in the construction of a 55-unit affordable rental apartment project at 210/220 Langford Street and 824 Alston Street.
2. The conditions of each of the above-mentioned grants are as follows:
 - a. The execution of a Housing Fund Grant Agreement with form and contents satisfactory to the Director of Planning and Development (the “Director”) and the City Solicitor, with terms for the eligible use of the grant, reporting requirements, repayment, indemnification and communication protocols;
 - b. The execution of a legal agreement, with form and contents satisfactory to the Director and the City Solicitor, to secure the units as affordable or below-market for 60 years;
 - c. The applicant fulfilling the applicable requirements of the Victoria Housing Reserve Fund Guidelines;
 - d. 80 percent of the grant is to be payable to the applicant upon execution of the Housing Fund Grant Agreement and the remaining 20 percent is to be payable to the applicant once the City has issued all required occupancy permits for the project;
 - e. With respect to the grants to the Capital Region Housing Corporation and M’akola Housing Society only, the applicant obtaining the required development permit approvals for the construction of the project; and

- f. That the passage of this resolution creates no legal rights for the applicant or any other person, or obligation on the part of the City, until and unless all agreements are fully executed by the City.

EXECUTIVE SUMMARY

This report presents the applications for the September 2024 intake of the Victoria Housing Reserve Fund (VHRF) grant program for Council's consideration. The City received three submissions including applications from the Aboriginal Coalition to End Homelessness Society (ACEHS) (Attachment 1), Capital Region Housing Corporation (CRHC) (Attachment 2), and M'akola Housing Society (MHS) (Attachment 3).

The VHRF Guidelines outline project eligibility requirements and priorities, per-unit funding allocation guidelines, and conditions of approved grants. Adherence to eligibility criteria and alignment with priorities in the VHRF Guidelines are the basis of the application evaluations. A detailed summary of application evaluations is provided in Attachment 4.

All three applications meet the eligibility criteria, including financial leveraging and partnerships with other government funding agencies. Partnership frameworks are unique to each application, but all organizations are partnering with BC Housing in the form of capital grants and long-term operating subsidies. Additionally, the applications are from registered non-profit societies that aim to provide housing for very low to moderate-income households.

The three applications received, meet VHRF program priorities in different ways:

- ACEHS's project proposes 34 units of culturally supportive Indigenous housing at very low-income rates for individuals and families who are either experiencing or at risk of experiencing homelessness.
- CRHC's project proposes a mixed-income affordability approach with 158 units of housing for very low- to moderate-income households, including a significant number of family-appropriate housing units.
- MHS's project is proposing a rent-geared to income model with a focus on providing 55 units of deeply affordable Indigenous housing, including housing for larger families.

Based on the evaluation, the applications align well with the program guidelines and this report seeks Council approval of all three VHRF applications totalling \$2,180,500.

PURPOSE

The purpose of this report is to present Council with information, analysis, and recommendations on the September 2024 application intake process for the Victoria Housing Reserve Fund.

BACKGROUND

The Victoria Housing Reserve Fund (VHRF) provides one-time capital grants to assist in the development and retention of affordable rental housing for households with very low, low, median or moderate incomes. Through this program, the City supports non-profit partners with financial assistance to improve the viability and/or affordability of non-market housing developments that help reduce the risk of homelessness and sustain community diversity.

Applications to the VHRF are evaluated based on their adherence to eligibility criteria and alignment with the priorities outlined in the program guidelines. Typically, eligible applicants must be a registered non-profit society or partner with a registered non-profit society that will own and operate the housing. Successful applicants are subject to a legal agreement to secure the long-term affordability of these housing developments as well as a Housing Fund Grant Agreement to outline the conditions of the grant.

Through the September 2024 intake of the VHRF, the City received three applications with projects that would deliver 247 units of supportive and non-market rental housing.

ISSUES & ANALYSIS

VHRF Guidelines are used to evaluate applications. While all three applications meet the eligibility criteria, the following provides a high-level analysis of their alignment with program priorities. A more detailed summary of the review process, including how each application aligns with per-unit funding allocation guidelines, is provided in Attachment 4.

Funding Requests

Non-profit development of supportive and affordable housing is complex and increasingly challenging. Project costs have increased dramatically due to several factors such as construction cost escalations and higher equity contribution requirements for mortgage financing. VHRF funding would help offset these financial barriers and support the viability of the projects, resulting in the delivery of 247 new supportive and non-market housing units.

VHRF affordability targets are achieved in all three applications, with projects from ACEHS and MHS prioritizing households with very low incomes and CRHC’s project using a mixed-income approach serving households with very low, low, median, and moderate incomes.

The funding requests from all three applications align with the per unit grant allocation in the VHRF Guidelines and this report recommends approval of all three application, totalling \$2,180,500 (see Table 1). A more detailed analysis of unit types, affordability levels, rent levels, and income threshold for each project is provided in the application letters (Attachments 1, 2, and 3) and the evaluation summary (Attachment 4).

Table 1: VHRF Applications and Funding Requests

	Non-Profit Applicant	Project Description	Total Number of Units	Total VHRF Request
1	Aboriginal Coalition to End Homelessness Society	Indigenous supportive housing project at 938 Mason Street	34	\$262,500
2	Capital Region Housing Corporation	Affordable rental apartment project at 930 Pandora Avenue	158	\$1,160,500
3	M’akola Housing Society	Affordable Indigenous housing project at 210/220 Langford Street and 824 Alston Street	55	\$757,500
Totals:			247	\$2,180,500

Leveraging Additional Funding

While partnership frameworks are unique to each application, all of the non-profit organizations are partnering with BC Housing:

- Aboriginal Coalition to End Homelessness Society is partnering with BC Housing through an operating agreement for a project located on BC Housing owned land as well as receiving CHMC's Rapid Housing Initiative (RHI) funding.
- Capital Region Housing Corporation received provisional funding through the BC Housing Community Housing Fund leveraging capital grants as well as an operating subsidy.
- M'akola Housing Society was awarded funding through BC Housing's Indigenous Housing Fund which includes a capital grant for construction and a long-term operating subsidy.

These projects have been successful in leveraging strategic partnerships and significant funding contributions from senior levels of government through capital grants and operating subsidies. These partnerships are vital in enabling new projects, supporting deeper levels of affordability, and helping the City address housing needs and targets identified in the Housing Strategy.

Legal Agreements

Successful VHRF applicants are subject to a legal agreement to secure the provision of the funded affordable housing units as well as a Fund Grant Agreement to outline the conditions of the grant. These conditions would apply to all three VHRF applications presented in this report.

Capacity of the Victoria Housing Fund

The VHRF has a current unallocated balance of \$3,803,700. If Council were to approve the three VHRF applications submitted in September 2024, totalling \$2,180,500, the remaining unallocated balance would be \$1,623,200. The fund can accommodate the funding requests at this time with funds still available for the next intake in March 2025.

OPTIONS & IMPACTS

Option 1 – Approve three grants as per the requests (Recommended)

Allocating the total requested grant funding of \$2,180,500 aligns with the per unit grant allocation guidelines for the program and will assist the three non-profit applicants in developing supportive and affordable rental housing. This recommendation considers the challenging financial conditions, urgent need for non-market housing, and alignment with VHRF requirements. Moreover, the three applications deliver homes across the housing continuum, and includes two projects that focus on housing for Indigenous Peoples. Finally, the available funds in the VHRF can accommodate the funding requests.

Option 2 – Provide alternative direction

The VHRF Guidelines specifies that, at Council's discretion, each application may be considered on a project-by-project basis. Council may wish to provide alternative direction on the funding levels granted to the applicants.

Accessibility Impact Statement

All three applications include accessible and/or adaptable units in their projects. Aboriginal Coalition to End Homelessness Society's project expects to exceed accessibility requirements of the BC

Building Code with all units designed to be adaptable and four units will be fully accessible. Capital Region Housing Corporation’s project includes eight homes that are designed as fully accessible, and the remaining homes are targeting a universal design standard outlined by the Canada Mortgage and Housing Corporation (CMHC) as well as fully accessible indoor and outdoor amenity spaces. M’akola Housing Society’s project is committed to providing accessible units with the specific details to be determined through the development permit application process.

2023 – 2026 Strategic Plan

Utilizing the VHRF funds for these projects can help support strategic plan items, including:

- Enable more market and non-market housing and diversify housing types and distribution.
- Pursue partnerships with other governments and agencies to create more non-market housing and rental housing.

Impacts to Financial Plan

Issuance of a total of \$2,180,500 in grant funding to the Aboriginal Coalition to End Homelessness Society, Capital Region Housing Corporation, and M’akola Housing Society, will have no impact on the Financial Plan, as the current VHRF (unallocated) balance of \$3,803,700 is sufficient to fund all three applications.

Official Community Plan Consistency Statement

These projects support *Official Community Plan* policies related to working with government and non-government partners to increase the provision of non-market housing.

CONCLUSIONS

The report presents three applications for the September 2024 intake of the VHRF from the Aboriginal Coalition to End Homelessness Society (ACEHS), Capital Region Housing Corporation (CRHC), and M’akola Housing Society (MHS). These applications align well with the VHRF Guidelines and would support the construction of 247 homes for individuals and families and help to address the critical need for supportive and affordable rental housing in Victoria.

With a total grant request of \$2,180,500, the report recommends Council approve all three applications highlighting their alignment with program priorities and the urgent need for non-market housing. The ACEHS and MHS housing projects focus on Indigenous and culturally appropriate housing, addressing the long-standing and disproportionate challenges Indigenous people face in accessing safe and affordable housing. The CRHC affordable rental housing project provides a mixed income model addressing needs across the housing spectrum, delivers a significant number of new housing units, and includes deep subsidy rate units that prioritize Indigenous people experiencing homelessness and women fleeing violence.

Respectfully submitted,

Nadine Kawata
Senior Planner – Housing Development
Citywide Planning Division

Karen Hoese
Director – Planning and Development

Report accepted and recommended by the City Manager

List of Attachments

- Attachment 1: ACEHS Application to the VHRF
- Attachment 2: CRHC Application to the VHRF
- Attachment 3: MHS Application to the VHRF
- Attachment 4: Evaluation Summary of VHRF Applications