



## Committee of the Whole Report For the Meeting of August 9, 2018

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**To:** Committee of the Whole  
**From:** Jonathan Tinney, Director, Sustainable Planning and Community Development  
**Date:** July 31, 2018  
**Subject:** Victoria Housing Fund Application No. 000017 for 210 Gorge Road East

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### RECOMMENDATION

That Council approve a Victoria Housing Fund grant to the Victoria Cool Aid Society in the amount of \$600,000 to assist in the construction of 50 non-market rental apartment units, with a total of 60 bedrooms for low-to-moderate income residents, located at 210 Gorge Road East, subject to the following conditions:

1. The grant will be disbursed to the applicant once the Housing Fund Grant Agreement is executed by the applicant and the Housing Agreement Bylaw has been adopted by Council.
2. The Victoria Cool Aid Society enters into a Housing Fund Grant Agreement with terms, to the satisfaction of the Director of Sustainable Planning and Community Development; and in a form to the satisfaction of the City Solicitor, which include requirements that:
  - a) the Victoria Cool Aid Society will identify the City of Victoria as a contributor on publications, documents, and public events related to the development, completion and operation of the project;
  - b) upon project completion, Victoria Cool Aid Society will submit a final report to the Sustainable Planning and Community Development Department; and
  - c) the grant is to be repaid by the Victoria Cool Aid Society if the project does not proceed as proposed.
3. The Victoria Cool Aid Society enters into a Housing Agreement securing the housing units at affordable rental levels for low-to-moderate incomes in perpetuity, consistent with the Victoria Housing Fund Guidelines, and with terms to the satisfaction of the Director of Sustainable Planning and Community Development, and in a form satisfactory to the City Solicitor, and that Council:
  - a) direct staff to bring forward a Housing Agreement Bylaw for Council's consideration after condition No. 3 is fulfilled; and
  - b) that Council authorize the Mayor and City Clerk to execute the Housing Fund Grant Agreement.

## **EXECUTIVE SUMMARY**

The purpose of this report is to present Council with information, analysis and recommendations for a Victoria Housing Fund (VHF) grant application, from Victoria Cool Aid Society, to assist in the construction of 50 new non-market rental apartments located at 210 Gorge Road East. The proposed building will contain 50 non-market rental apartments with a total of 60 bedrooms, targeting people with low-to-moderate incomes such as seniors, working singles and low-income couples; as well as, 32 units of supportive housing. The application to the VHF is seeking \$600,000 of funding for the 50 non-market rental apartment units which includes 30 studio and 10 one-bedroom units at \$10,000/unit; as well as, 10 two-bedroom units at \$20,000/unit. No request is being made for the 32 supportive housing units that will be integrated into the new apartment building. The site is currently owned by the Victoria Cool Aid Society. The existing buildings are unsuited for secure housing as the buildings have traditional motel-style exterior access to each unit. As the buildings are more than 60 years old, they have reached the end of their useful life. If awarded, the grant will enable the Victoria Cool Aid Society to build 50 new non-market rental units. For these reasons, staff recommend Council consider approving this grant request.

## **PURPOSE**

The purpose of this report is to present Council with information, analysis and recommendations for a Victoria Housing Fund grant application from the Victoria Cool Aid Society to assist in the construction of 50 new affordable apartments, with a total of 60 bedrooms, located at 210 Gorge Road East.

## **BACKGROUND**

The Victoria Cool Aid Society has been providing housing services since 1991 for low-income residents and those in need of support services. The Victoria Cool Aid Society currently owns and manages a total of 525 apartments in 15 buildings in Victoria, Saanich and Langford. Council is considering Rezoning Application No. 00620 for 210 Gorge Road East at a meeting of Council scheduled for August 9, 2018. As detailed in their letter to Council (Attachment 1), the applicant is proposing that these 50 units be affordable for low-to-moderate income renters, which includes 60 bedrooms in total with a mix of studios, one and two-bedroom apartments.

## **ISSUES & ANALYSIS**

The site located at 210 Gorge Road East currently consists of 21 supportive housing units for adults with addictions and mental health conditions. Victoria Cool Aid Society proposes to construct 50 new non-market rental apartments at 210 Gorge Road East, targeting people with low-to-moderate incomes such as seniors, working singles and low-income couples. There will be 32 supportive housing units integrated into the new apartment building, providing 82 units in total. The application to the VHF is seeking \$600,000 of funding for the 50 non-market rental apartment units which includes 30 studio and ten one-bedroom units at \$10,000/unit; as well as, ten two-bedroom units at \$20,000/unit. No request is being made to the VHF for the 32 supportive housing units.

The site is currently owned by the Victoria Cool Aid Society; the buildings are over 60 years old and unsuited for secure housing as they have traditional motel-style exterior access to each unit and have reached the end of their useful life. The Victoria Cool Aid Society proposes to relocate the existing tenants to alternative supportive housing during construction, and will invite these tenants to return to the new building once constructed.

This proposal advances the affordable housing objectives in the *Official Community Plan, 2012*, (OCP), which encourages the increase in the supply of affordable and permanent rental housing; as well as, a wide range of housing choices within neighbourhoods to support a diverse and inclusive community.

Staff have completed an eligibility evaluation of the Victoria's Cool Aid Society's VHF application and conclude that the application meets the VHF guidelines, and is a secure investment for the City which will lead to the construction of 50 non-market rental apartment units for low-to-moderate income households. The evaluation form also notes that the project aligns with other City objectives such as those outlined in the *Official Community Plan*. The project eligibility evaluation form is appended to this report in Attachment 2.

### **Affordability Requirements**

This proposed project meets the affordable housing thresholds set out by the VHF guidelines, and targets low-to-moderate income households. The VHF guidelines define low-income at, or below, BC Housing's current Housing Income Limits (HILs) rental rates, which is currently \$800/month for a bachelor unit. Moderate incomes are defined at, or below, the Victoria Census Metropolitan Area (CMA) median total income of households, measured at \$70,283 in Statistics Canada's 2016 Census.

The proposed rental rates for the 50 non-market rental units are illustrated in the table below and targets a range of low-to-moderate incomes from \$30,000 (equating to \$750/month rent), to a maximum of \$45,000 for singles (equating to \$1,125/month rent), and \$60,000 for couples (equating to \$1,500/month rent). Staff estimate that these rents will be in line with HILs when the project is projected to be ready for occupancy in 2020. Additionally, the revenue derived from the 50 non-market rentals will assist in the preservation of 32 units at income assistance rates, and the 10 studio units set below current Housing Income Limits (HILs) rents. The applicant has proposed the following tiered rental structure, which aligns with the Capital Regional District's Housing First Program goal of creating mixed income communities that are designed to meet a variety of housing needs. Should this application be successful, the affordability of these rents will be secured in a housing agreement. An operating budget has been provided by the applicant as part of their application package (Attachment 1).

| <b>Housing Fund Affordability Definitions</b> | <b>Unit Type</b>      | <b>Unit Size</b> | <b>Target Rent</b> | <b>Household Income Range</b>  |
|---|-----------------------|------------------|--------------------|--------------------------------|
| Low Income                                    | 10 x studio           | 330 sf           | \$750              | \$30,000                       |
| Moderate Income                               | 20 x studio           | 330 sf           | \$850              | \$34,000                       |
|   | 10 x 1 bedroom        | 500 sf           | \$1,125            | \$45,000                       |
|   | 10 x 2 bedroom        | 700 sf           | \$1,500            | \$60,000                       |
| No request for VHF Funding                    | 32 x supportive units | 330 sf           | \$375              | Income Assistance Shelter Rate |

### **Leveraging Additional Funding**

This project is supported by BC Housing and the Capital Regional District (CRD) through the Regional Housing First Program with a contribution of \$6,925,000 (\$5,070,000 provisionally approved; \$1,855,000 tentative); Canada's CMHC with a \$40,000 grant contribution; and the CRD Housing Trust Fund with a provisionally approved \$600,000 grant contribution. The Cool Aid Society is contributing \$2.58 million to the redevelopment by providing the land and dollars from donations. Additionally, the Sisters of St. Ann have provided a \$450,000 contribution toward the project.

For further details on project funding, see the operating budget attached to this report in the Cool Aid Society's application package (Attachment 1).

### **Legal Agreements**

The applicant has made a commitment to enter into a legal agreement with the City of Victoria if Council approves the grant request. The legal agreement (Housing Fund Grant Agreement) will secure the conditions of the grant. The applicant has also agreed to enter into a Housing Agreement with the City that secures the proposed rental levels, and to rent to households with incomes that align with the VHRF guidelines for low and moderate incomes, in perpetuity. The Housing Agreement will also require that the units remain as rental in perpetuity. The applicant will be required to provide a one-year progress report to the City of Victoria outlining how the project is achieving the affordability targets outlined in the Housing Agreement.

### **Capacity of the Victoria Housing Fund**

As of July 25, 2018, the balance of the VHRF was \$1,795,617. While there is sufficient monies in the reserve to support the \$600,000 request with this application, forthcoming applications are anticipated to be in the range of \$3-\$4 million in 2018-2019.

The current Housing Fund guidelines do not provide guidance with regards to three emergent issues within this and/or future applications. The VHF guidelines do not assess the levels of support offered for new mixed-income models of affordable housing development, that provide a portion of the units at near-market rents for moderate income earners. The VHF guidelines do not provide guidance on assessing projects that are already supported by the City of Victoria through other means, for instance, through the contribution of municipal land or community amenities contributions. Finally, the VHF guidelines do not address projects that are supported by the Capital Region Housing Fund and/or the CRD Housing First Strategy, of which the City of Victoria taxpayers support a significant portion of the funding through various means. Staff will bring forward a report to Council to propose refinements to the funding Victoria Housing Fund guidelines in order to strategically assess incoming applications and to maintain long-term sustainability.

## **OPTIONS AND IMPACTS**

### **Option 1 - Approve the Grant Request (Recommended)**

Approval of this grant request will help the Victoria Cool Aid Society to provide non-market rental housing for 50 of Victoria's low-to-moderate income households.

### **Option 2 - Decline the Grant Request**

Should the grant be declined, the construction of the units may not be economically feasible.

### *Accessibility Impact Statement*

This grant request will have no accessibility impacts.

### *2015 - 2018 Strategic Plan*

Providing grants to support the development of supportive and affordable rental housing aligns with, and supports, Council's strategic priority to Make Victoria More Affordable (Objective 6). Support for the development also aligns with Council's strategic priority to Facilitate Social Inclusion and Community Wellness (Objective 7).

### *Impacts to Financial Plan*

The recently updated Victoria Housing Fund (VHF) Guidelines permit consideration of grant applications for up to \$10,000 per residential unit of one or fewer bedrooms, and \$20,000 per residential unit of two or more bedrooms. The studio and one bedroom units proposed for 210 Gorge Road qualify for \$10,000 per residential unit; while the two-bedroom units qualify for \$20,000 per residential unit. The current VHF balance is \$1,795,617. Should Council choose to approve this grant in entirety; this may impact the ability to support forthcoming requests.

### *Official Community Plan Consistency Statement*

The proposed project supports OCP policies, including policy 13.4, by considering all available tools to encourage more affordable housing across the housing spectrum; as well as, policy 13.6, to work with the Capital Regional District, its member municipalities, and other partners to improve regional housing affordability and increase housing supply and diversity across the region through funding contributions and the implementation of regional plans and initiatives. The project supports policy 13.15, as the non-market rental housing is located within close proximity to a Large Urban Village, and enables access to services and facilities necessary for daily living. The project also meets policy 13.37, to continue to work with coordinated community and regional efforts to end homelessness and enable stable housing with support services for people who are homeless or at risk of homelessness, within the limits of the City's mandate and resources.

### **CONCLUSIONS**

The application for funding to 210 Gorge Road East presented in this report meets the updated VHF guidelines in that the fund would lead to the construction of 50 non-market rental apartment units with a total of 60 bedrooms which targets low-to-moderate income households. The recommendations presented in this report also include conditions that allow for the provision of the grant to the applicant in a way that provides additional security for the City's financial investment.

Respectfully submitted,

  
Hollie McKeil  
Housing Planner

Att.

  
Jonathan Tinney, Director  
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:

*Jocelyn Embryns*

Date:

*Aug 2, 2018*

**List of Attachments:**

- Attachment 1: Application to the Victoria Housing Fund and Letter to Mayor and Council
- Attachment 2: Project Eligibility Evaluation Form
- Attachment 3: Aerial Map