



## **Committee of the Whole Report**

**For the Meeting of March 14, 2019**

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**To:** Committee of the Whole **Date:** February 28, 2019  
**From:** Andrea Hudson, Acting Director, Sustainable Planning and Community Development  
**Subject:** **Victoria Housing Reserve Fund Application for 2558 Quadra Street (Forest Heights)**

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### **RECOMMENDATIONS**

That Council approve a Victoria Housing Reserve Fund grant application to the Greater Victoria Housing Society in the amount of \$440,000 to assist in the construction of 40 units of housing for low-income seniors, working adults, adults with disabilities and small families at Forest Heights located at 2558 Quadra Street, subject to the following conditions:

1. The applicant receives Council approval for the required rezoning and development permit applications for 2558 Quadra Street and the applicant executes a Housing Fund Agreement and Housing Agreement in the form satisfactory to the City Solicitor and the Director of Sustainable Planning and Community Development; and
2. The applicant fulfills the requirements of the Victoria Housing Reserve Fund Guidelines.

### **EXECUTIVE SUMMARY**

The City of Victoria is in receipt of a Victoria Housing Reserve Fund (VHRF) grant application (attachment 1) from the Greater Victoria Housing Society (GVHS) seeking \$440,000 to assist in the redevelopment of the an existing (GVHS owned) three-storey, 19-unit, affordable housing apartment into a five-storey, 40-unit, affordable housing apartment at 2558 Quadra Street (attachment 2). The application complies with the Victoria Housing Reserve Fund Guidelines and outlines a proposed new development that will provide affordable housing for existing and new tenants composed of low-income seniors, working adults, adults with disabilities and small families. The proposed low-income monthly rents range from \$863 for studios, \$995 for one-bedroom units and \$1,293 for two-bedroom units. These affordable housing rental rates are consistent with the VHRF Guidelines and will be secured through a Housing Agreement.

The applicant has also provided a Tenant Assistance Plan (attachment 3) that complies with the City's Tenant Assistance Policy and outlines an approach for housing and supporting existing tenants while the new apartment is under construction. The Tenant Assistance Plan also provides existing tenants with right of first refusal for affordable housing in the new building or the ability to seek similar housing in another GVHS owned building at a rental rate no more than 10% higher than their current rent.

This grant application, in combination with another current grant application for 330-336

Michigan Street, has the potential to reduce the remaining balance of the VHRF that may potentially impact funding opportunities for future applications received in 2019. However, the proposed project has strong alignment with the affordable housing priorities outlined in the VHRF. If approved, the disbursement of the VHRF grant will be subject to Council's approval of the required rezoning and development permit applications, which have not yet been received by the City; as well as, fulfilling the requirements of the Victoria Housing Reserve Fund Guidelines, and execution of a Housing Agreement and a Housing Fund Grant Agreement.

## **PURPOSE**

The purpose of this report is to present Council with information, analysis and recommendations for a Victoria Housing Reserve Fund grant application from the Greater Victoria Housing Society to assist in the construction of a five-storey, 40-unit, affordable housing apartment that will replace an existing three-storey, 19-unit, affordable housing apartment known as Forest Heights, located at 2558 Quadra Street.

## **BACKGROUND**

The Greater Victoria Housing Society (GVHS) has been developing and operating affordable housing for over 60 years and currently owns and operates 17 properties and 726 units of affordable housing within the Victoria region. Since 2010, the GVHS has received a total of \$1.3 million from the VHRF which has led to the construction of 130 affordable housing units within three separate projects.

## **ISSUES AND ANALYSIS**

Located in the Hillside-Quadra neighbourhood at 2558 Quadra Street, Forest Heights was constructed in 1955 as a three-storey (walk-up) wood frame apartment building containing 19 (non-subsidized) affordable rental units for individuals and families with low to moderate incomes. The GVHS is proposing to redevelop this property with a five storey 40-unit affordable housing apartment.

Staff have completed an eligibility evaluation (attachment 4) of the Greater Victoria Housing Society's VHRF application and conclude that the application meets the VHRF Guidelines and is a secure investment for the City which will lead to the construction of 40 housing units for low-income seniors, working adults, adults with disabilities and small families. The evaluation form also notes how the project aligns with other City objectives such as those outlined in the *Official Community Plan*.

### **Affordability Requirements**

Rental rates for the 40 units proposed at Forest Heights will vary from \$863 per month for studio units, \$995 for one-bedroom units and \$1293 for two-bedroom units. These rental rates fall within the criteria for low-income limits, as set out in the Victoria Housing Reserve Fund Guidelines which define low-income at or below current (2018) Housing Income Limits.

### **Leveraging Additional Funding**

The applicant has confirmed that the project was not able to secure an operating grant through BC Housing, thereby preventing the ability to provide housing for tenants with very low incomes (e.g. shelter rate); however, the project has been successful in securing a \$2.5 million grant through the National Housing Strategy, a program of CMHC, as well as, an additional \$40,000 grant from CMHC and a \$24,500 grant from Vancity for pre-construction work. Operations at



the new Forest Heights building are anticipated to be largely supported by the low-income rents received. The applicant has confirmed that if they do not receive the funding from the City of Victoria, then their grant from CMHC would be jeopardized as it is contingent on the applicant securing other funding partnerships such as with the City of Victoria. This means that the affordable housing project would not be constructed, or the project would be significantly delayed until other funding partnerships are identified and established.

## **Legal Agreements**

If Council approves the grant request, the applicant has made a commitment to enter into a legal agreement (Housing Fund Grant Agreement) with the City of Victoria to secure the conditions of the grant as outlined in the Victoria Housing Reserve Fund Guidelines. The applicant has also agreed to enter into a Housing Agreement with the City to:

- secure in perpetuity 40 new units of affordable housing for seniors, working adults, adults with disabilities and small families that qualify as low-income tenants as defined in the Victoria Housing Reserve Fund Guidelines;
- secure a mix of studio, one bedroom and two bedroom affordable housing units as outlined in the grant application for 2558 Quadra Street; and
- secure low income rent levels as defined by the VHRF Guidelines (e.g. rents that cost no more than 30% of gross household income and that are at or below the current (BC Housing) Housing Income Limits).

The existing property does not have a Housing Agreement in place with the City. The applicant is also required to provide a one-year progress report to the City outlining how the project is achieving the affordability targets outlined in the Housing Agreement.

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

The VHRF has a current unallocated balance of \$1,238,915; however, it is anticipated that in April 2019, Council will be considering the annual VHRF contribution of \$250,000 and a one-time supplementary contribution of \$750,000 as part of the 2019 Financial Plan Bylaw. If approved, the VHRF will have a balance of \$2,238,915. The City currently has two remaining grant applications from 2018 that are seeking a combined grant amount of \$1,925,000 (\$440,000 + \$1,485,000). Therefore, if both VHRF grants are approved in full and the 2019 VHRF contributions are approved, the VHRF will have a remaining balance of approximately \$313,915 to support grant applications received as part of the 2019 grant intakes on March 31 and September 30, 2019.

## **OPTIONS AND IMPACTS**

### **Option 1 - Approve the Grant Request**

Approval of a \$440,000 grant request will allow the Greater Victoria Housing Society to provide 40 units of affordable rental housing for low-income seniors, working adults, adults with disabilities and small families. However, approval of this grant, in combination with another remaining grant application seeking \$1,485,000 for 330-336 Michigan Street, has the potential to significantly reduce the VHRF prior to receiving applications through the 2019 intake process.

### **Option 2 – Approve a reduced grant amount**

Council may consider approving a reduced grant amount for the project. A reduced grant amount could result in a reduced number of affordable housing units being provided and other potential financial impacts to the project. However, a reduced grant amount may also allow for

increased Housing Reserve Funds to better support future applications received through the 2019 intake process.

### **Option 3 - Decline the Grant Request**

Should the grant be declined, construction of the 40-unit affordable housing project may not be economically feasible. This would allow for the current Housing Reserve Fund to be used in support of other grant applications received through the 2019 intake process.

#### *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*

Issuance of a \$440,000 grant to the GVHS will not affect the current Financial Plan, as the current VHRF balance of \$1,238,915 is sufficient to fund this application. However, the City is also in receipt of another application for 330-336 Michigan Street that is seeking a \$1,485,000 grant to support the development of 98 new units of affordable housing. The combined total of both applications is \$1,925,000, which exceeds the current VHRF balance. It is anticipated that in April 2019 Council will be considering the annual VHRF contribution of \$250,000, and a one-time supplementary contribution of \$750,000, as part of the 2019 Financial Plan Bylaw. If these contributions to the VHRF funds are approved, and the two current applications are approved at the proposed grant request levels, the VHRF will have a remaining balance of approximately \$313,915 to support any VHRF grants that are received as part of the 2019 grant intakes on March 31 and September 30, 2019.

#### *Official Community Plan Consistency Statement*

This project supports OCP policies related to working with coordinated community and regional efforts to enable stable affordable housing for seniors.

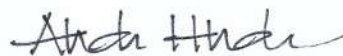
### **CONCLUSIONS**

The VHRF grant application from the Greater Victoria Housing Society presented in this report meets the updated VHRF Guidelines and would lead to the construction of 40 affordable housing units for low-income individuals and families.

Respectfully submitted,



Robert Batallas,  
Senior Planner  
Community Planning Division



Andrea Hudson,  
Acting Director  
Sustainable Planning and Community Development



Report accepted and recommended by the City Manager

*Joelyn Entwistle*  
Date: March 8, 2019

**List of Attachments:**

- Attachment 1: Application to the Victoria Housing Fund
- Attachment 2: Aerial Map – 2558 Quadra Street
- Attachment 3: Tenant Assistance Plan
- Attachment 4: Project Eligibility Evaluation Form.

