

Consultation Summary with Non-Profit Housing Providers and Funders

Staff reconvened the non-profit housing providers who participated in the last VHRF focus group and survey in October 2018 and have also included core funders in this consultation to receive input on the potential implications of the proposed changes.

Participants

Participants provided feedback through email, phone, and in-person, and included representatives from the following organizations (8): Greater Victoria Housing Society; Habitat for Humanity; Pacifica Housing; Capital Regional Housing Corporation; M'akola Development Services; Capital Regional District; BC Housing; and Canada Mortgage and Housing Corporation (CMHC).

Motions

On March 14, 2019, Council directed staff to report back in the context of the next update on the Victoria Housing Strategy on the following:

Incorporating the following provisions into the criteria for housing reserve fund applications:

- 1. All existing tenants are offered alternate rental housing at existing rent levels;*
- 2. No net loss of units at existing rent levels in the new building, subject to annual increases as permitted under the Residential Tenancy Act;*

That the staff report include considerations for viability of redevelopment projects

That staff be directed to do this work on a priority basis as part of the Victoria Housing Strategy

And on March 21, 2019, Council made another motion:

That staff be requested to report back on options for basing City grant programs on net additions to the affordable housing stock

The summary of the results are provided in the tables below.

	Non-Profit Housing Providers	Funders
	<ul style="list-style-type: none"> • Capital Regional Housing Corporation • Greater Victoria Housing Society • Habitat for Humanity • Pacifica Housing Society • M'akola Development Services 	<ul style="list-style-type: none"> • Capital Regional District (CRD) • BC Housing • Canadian Mortgage Housing Corporation (CMHC)
March 14, 2019 Tenant Assistance – all existing tenants are offered alternate rental housing at existing rent levels	<ul style="list-style-type: none"> • Non-profits are well-connected with one another and attempts to best relocate and rehouse tenants successfully • Deal with various types of tenants: <ul style="list-style-type: none"> ○ Tenants with operating subsidy ○ Tenants who don't have operating subsidy that may or may not have financial hardship with paying rent far below-market ○ Recommend that all tenants are offered housing that are affordable to the tenant based on a maximum level of rent (30% of their income) • Restriction on rent in alternate rental housing can increase operational cost for non-profits and additional subsidy or funding from senior levels of government would be needed • Imposing grant on alternate rental housing would make projects less viable (more capital cash or subsidy rent would be required for the redevelopment) • Sometimes, non-profits may not take the city grant because it may not be worth the process (e.g. administrative burden) 	<ul style="list-style-type: none"> • Funders acknowledge that this can create challenges if there are not enough rental housing stock available for non-profits to relocate at existing rent levels and therefore, would need to find other funds to subsidize accordingly • Funder recommend flexibility in the guidelines for non-profits in assisting pro forma needs • Funder identifies that operating revenue may be impacted by rent restrictions which in turn can compromise the viability of new housing projects. • Funder recommends that existing tenants evaluated prior to relocation to ensure they are appropriately housed and fully accessing the programs and subsidies available to them.
Staff Recommendation: Add a Tenant Assistance Plan section to the Victoria Housing Reserve Fund application form to provide clarity on tenant protections for redevelopment projects seeking funding.		

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March 14, 2019 Tenant Assistance – No net loss of units at existing rent levels in the new building	<ul style="list-style-type: none"> • Non-profits are trying to build housing with pro forma and the best affordability that they can as a vision and mission statement • Offering tenants alternate rental housing at existing rent levels and then coming back to the same unit at same rent level would be difficult without the support of other levels of government funding • Can jeopardize the development of actual affordable housing depending on program(s) that the proponent may be applying for • Some non-profits already rehouse tenants and offer right of first refusal (case-by-case basis) • May have restrictions on operating agreement and subsidy program to transfer 	<ul style="list-style-type: none"> • Funders understand that flexibility is needed with the non-profit portfolio to build and operate units • Funders understand that non-profits are doing their best in their redevelopments and recommend flexibilities for tenant assistance and right of first refusal
Staff Recommendation: Add a Tenant Assistance Plan section to the Victoria Housing Reserve Fund application form to provide clarity on tenant protections for redevelopment projects seeking funding.		

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March 21, 2019 Options for basing city grant programs on net additions to the affordable housing stock	<ul style="list-style-type: none"> • Gross unit makes sense (x4) • Discourages non-profits to redevelop if net new units were funded (x3) • Current market condition is costly on residual land acquisition, construction cost, and public buy-in, etc. • Doesn't matter the amount of unit municipalities fund; it's the amount of fund received for viability of projects • A new era of housing projects undergoing redevelopments for non-profits (consider what does the next 20-30 years will look like as projects are reaching the end of life) • Generally, non-profits are redeveloping old stock that isn't suitable for the tenant anymore; need to consider long term tenant affordability over time; advantages of new units being created and longer building life 	<ul style="list-style-type: none"> • CRD Regional Housing Trust Fund guidelines indicate "to assist in the retention of existing or construction of new affordable housing" so gross can be considered in a redevelopment; CRD can consider both net new or gross in a redevelopment dependent on the project proposal • BC Housing considers gross units for redevelopment projects. • CMHC considers gross units for redevelopment projects • In order to qualify for CMHC funding, there are higher requirements than BC Housing to be met on mixed rents and incomes • CMHC consider projects on a holistic view don't base funding on capital or operating budget; consider projects based on the pro forma and then determining the viability of project • CMHC can help reach the deeper affordability by subsidy and lowering rent levels if requested • Funders understand that a viability of a project can be at risk for redevelopment based on development and market dynamics (pro forma, land cost, construction cost, operating budget, restriction on rent, etc.) • Funders review each application on a case-by-case basis with different needs and requests
Staff Recommendation: Continuing to fund gross new units in redevelopment projects seeking funding		

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Other Comments	<ul style="list-style-type: none"> • If Council don't trust the non-profits, then don't give us the money • Interested to see how to help applicants qualify for affordable homeownership 	<ul style="list-style-type: none"> • Each funder have different requirements to be met and can add to cost of project viability