



Committee of the Whole Report For the Meeting of January 9, 2020

To: Committee of the Whole **Date:** December 20, 2019
From: Andrea Hudson, Acting Director, Sustainable Planning and Community Development
Subject: **Victoria Housing Reserve Fund Application for 11 Chown Place (Burnside)**

RECOMMENDATIONS

That Council approve a grant from the Victoria Housing Reserve Fund to the Gorge View Society in the amount of \$295,000 to assist in the construction of a four-storey 58-unit housing project at 11 Chown Place, subject to the following conditions:

1. The applicant obtaining the required development permit approvals for the construction of a four-storey 58-unit housing project at 11 Chown Place on or before January 30, 2022.
2. The execution of a Housing Fund Grant Agreement acceptable to the Director of Sustainable Planning and Community Development and in the form satisfactory to the City Solicitor; outlining terms for the eligible use of the grant, reporting requirements, repayment, indemnification and construction insurance, and communication protocols.
3. The execution of a Housing Agreement, in the form satisfactory to the City Solicitor, to secure
 - a) 58 new housing units as rentals in perpetuity;
 - b) 49 of the new units (one bedroom) to be dedicated for seniors (55+) as follows:
 - i) 11 units for very low income level;
 - ii) 13 units for low income level;
 - iii) 11 units median income level;
 - iv) 14 units at market rent;
 - c) seven of the new units (two bedroom) to be reserved for occupation by families as follows:
 - i) one unit for very low income level;
 - ii) three units for median income level; and
 - iii) three units at market rent; and
 - d) two of the new units (three bedroom) to be reserved for occupation by families with a median income level.
4. The applicant fulfills the applicable requirements of the Victoria Housing Reserve Fund Guidelines; and
5. 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

The City of Victoria is in receipt of a Victoria Housing Reserve Fund (VHRF) grant application (Attachment 1) from the Gorge View Society (GVS) seeking \$295,000 to assist in the development of a four-storey, 58-unit affordable housing apartment on a centrally located vacant portion of a 5.4 acre (2.2 ha) parcel at 11 Chown Place (Attachment 2). The application complies with the applicable VHRF Guidelines and outlines a proposed new development that will provide affordable housing for seniors and families. 49 one-bedroom units will be dedicated for seniors with very low, low, median and market-based incomes, while the remaining nine units composed of two and three-bedroom units will be available for families with very low, median and market-based incomes. The proposed monthly rental rates for very low, low and median income units are consistent with the VHRF Guidelines and will be secured through a Housing Agreement. The proposed development site is currently vacant and, therefore, the Tenant Assistance Policy does not apply.

The VHRF has a current unallocated net balance of \$1,403,915, which includes \$1 million recently received as part of a community amenity contribution that Council allocated for affordable housing for seniors. The property at 11 Chown Place is the only current VHRF project that is seeking to develop dedicated affordable housing for seniors, therefore approval of this grant will not impact funding available for three other applications received that are forthcoming to Council shortly. If approved, this grant will be subject to Council's approval of the required development permit anticipated to be considered by Council in early 2020; fulfilling the applicable requirements of the VHRF 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 Gorge View Society (GVS) to assist in the construction of a four-storey, 58-unit, affordable housing apartment that will be centrally located on a vacant portion of a parcel at 11 Chown Place.

BACKGROUND

Located in the Burnside neighbourhood at 11 Chown Place, the proposed building will be added onto a site with existing housing at Chown Place. The property is a large 5.4 acre (2.2 ha) site containing 15 low-rise buildings built between 1962 and 2012 with a mix of studios and one-bedroom units for low-income seniors. Chown Place is owned and operated by the GVS, which has a long history of providing modest independent housing for seniors living on low and fixed incomes.

Founded in 1956 with the support of the United Church of Canada, the GVS constructed its first seniors housing building in 1959. Over 62 years, the GVS has built a total of 17 buildings without outside funding. The GVS understands that to achieve its vision of strengthening the community by providing comfortable and affordable homes for people in need, it needs to build at a larger scale and with partners such as BC Housing, CMHC and the City of Victoria. This project reflects the vision of the GVS and the goal of the program by providing housing for seniors and families in Victoria.

ISSUES AND ANALYSIS

Staff have reviewed the Gorge View Society's VHRF application and conclude that the project meets the VHRF Guidelines as outlined below, and is a secure investment for the City that will lead to the construction of a total of 58 housing units for seniors and families with very low, low,

median and moderate incomes.

Affordability Requirements

The proposed project includes a mix of unit and income types, which is one of the key priorities of the VHRF Guidelines. Although the project includes a total of 41 affordable units (eligible for VHRF support), the applicant is only seeking financial assistance from the City of Victoria to support the development of the 35 one-bedroom affordable seniors' units.

The new building at 11 Chown Place proposes to include units that fall within the criteria for very low, low and median income limits, as set out in the VHRF Guidelines and are outlined in the table below. The project's affordability is largely achieved through its partnership with BC Housing, which has contributed \$5.8 million to this development. The proposed monthly rents in all funded units are below the maximum rent thresholds for each income level as outlined in the VHRF Guidelines, thereby supporting greater levels of affordability for seniors and families than required by the fund guidelines. In addition to 41 affordable units, the project also includes 17 market-rate units with proposed monthly rents that are targeted to moderate incomes and help to ensure that the project includes housing for a broad range of target incomes.

Unit Composition and Affordability Table

Unit Type	Number of Units	Target Income Level	Proposed Monthly Rent	VHRF Max Monthly Rent	VHRF Contribution per Unit	VHRF Total Contribution
1 bedroom (Seniors)	11	Very Low	\$375	\$425	\$10,000	\$110,000
1 bedroom (Seniors)	13	Low	\$641	\$650	\$10,000	\$130,000
1 bedroom (Seniors)	11	Median	\$739	\$1,050	\$5,000	\$55,000
1 bedroom (Seniors)	14	Market	\$1,235	N/A	Ineligible for funding	
2 bedroom	1	Very Low	\$570	\$575	No funding requested	
2 bedroom	3	Median	\$1,280	\$1,300	No funding requested	
2 bedroom	3	Market	\$1,610	N/A	Ineligible for funding	
3 bedroom	2	Median	\$1,380	\$1,750	No funding requested	
Total Units	58 Units 41 Affordable Units					\$295,000

Leveraging Additional Funding

The Gorge View Society (GVS) has been successful in securing a \$5.8 million grant through the BC Housing Community Housing Fund, as well as an additional \$74,200 grant from CMHC to support the Chown Place project. These types of grants from BC Housing and CMHC are generally predicated on supporting projects that can secure additional funding partnerships such as those with the City of Victoria. The GVS is also contributing \$700,000 of its own funds to offset the capital project costs. Operations at the new Chown Place building are anticipated to be largely supported by the monthly rents received.

The proposed City of Victoria VHRF contribution of \$295,000 represents approximately 2.0% of the total capital project cost (\$14,374,257) and 1.0% of all grants and contributions (\$28,384,000) excluding land value. Therefore, while the City continues to play an important role as a supporting partner to this local affordable housing project, most of the project funding will be contributed by other levels of government.

Project Priorities

The Chown Place project aligns with nearly all project priorities outlined in the VHRF Guidelines, including the provision of housing for families and seniors, those at risk of homelessness; mixed affordability; affordable rental units in perpetuity, and prioritizing housing for people with very low and low incomes over median incomes.

Required Approvals

A Development Permit with Variances Application is required to construct the proposed four-storey, multi-unit residential building under the existing zoning (R3-G-SC Zone – Garden Apartment (Senior Citizen) District). The proposed variances are associated with building height, building separation distances and parking. The DPV is currently being reviewed by staff and is expected to be considered by Council in early 2020. Approval of the proposed VHRF grant will be subject to all required development approvals being received.

Legal Agreements

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

- secure in perpetuity 58 new units of rental housing including 35 dedicated units for seniors (55+) that qualify as very low, low and median-income tenants as defined in the Victoria Housing Reserve Fund Guidelines;
- secure a mix of one bedroom, two bedroom and three bedroom rental units as outlined in the grant application for 11 Chown place; and
- secure very low, low and median income rent levels as defined by the VHRF Guidelines.

Per the VHRF Guidelines, the applicant will also be 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.

Tenant Assistance Plan

The new building is proposed to be constructed on a portion of the overall parcel that is vacant and will not result in the displacement of tenants including those living in the other surrounding buildings at Chown Place. Therefore, the Tenant Assistance Policy does not apply.

Capacity of the Victoria Housing Fund

The VHRF has a current unallocated net balance of \$1,403,915 that is calculated after excluding previously approved grants for other projects. The current balance reflects a \$1 million contribution to the VHRF as part of a rezoning application for 1900 Richmond Road that was approved on August 1, 2019. A related Council motion stipulates that this \$1 million contribution can only be allocated to support affordable housing for seniors. 11 Chown Place is the only current VHRF application received as part of the recent intake process that is seeking to develop purpose-built affordable housing dedicated to seniors. Should this grant be approved, \$705,000 would remain in the fund for future affordable seniors housing, and \$403,915 will continue to be available for other applications received.

The City of Victoria currently has three additional VHRF grant applications received earlier this year that are not proposing dedicated seniors housing; therefore, approval of this grant will not affect the funds available for those projects.

OPTIONS AND IMPACTS

Option 1 - Approve the Grant Request

Approval of a \$295,000 grant request will allow the GVS to provide 35 units of dedicated affordable units for seniors, as part of the overall 58-unit development that also includes affordable housing for families. This project meets a number of the VHRF priorities, including housing for seniors, very low and low income housing, mixed income housing, and family housing units, and provides timely application of the \$1,000,000 of funding received dedicated to seniors housing. Approval of this grant will reduce the balance of the seniors housing portion of the fund to \$705,000 and will not affect the \$403,915 remaining for other VHRF applications.

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. A reduced grant amount may also allow for increased Housing Reserve Funds to better support future applications for other dedicated affordable seniors housing projects that may be received through a future intake process in 2020, however staff are not aware of any future applications for this type of housing at this time.

Option 3 - Decline the Grant Request

Should the grant be declined, construction of the 58-unit affordable housing project may not be economically feasible and may also impact the applicant's additional project funding through BC Housing and CMHC.

Accessibility Impact Statement

This grant request will have no accessibility impacts. The project also includes a total of 50 accessible one and two bedroom units.

2019 - 2022 Strategic Plan

Providing grants to support the development of affordable rental housing supports multiple actions described within Strategic Objective Three: Affordable Housing as well as Strategic Objective Eight: Strong, Liveable Neighbourhoods.

Impacts to Financial Plan

Issuance of a \$295,000 grant to the Gorge View Society will reduce the VHRF balance from \$1,403,915 to \$1,108,915, which would be comprised of \$705,000 dedicated for affordable senior housing and \$403,915 for other affordable housing projects.

Official Community Plan Consistency Statement

This project supports several OCP objectives, but specifically policies related to achieving multi-generational neighbourhoods by working collaboratively with other public and private partners to plan for the housing of Victoria's population as it ages.

CONCLUSIONS

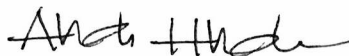
The VHRF grant application from the Gorge View Society presented in this report is well aligned

with VHRF priorities, exceeds the affordability requirements outlined in the Guidelines, provides an opportunity to access \$1,000,000 recently contributed to the VHRF reserved for affordable seniors housing, and would lead to the construction of 58 affordable housing units for seniors 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:



Date: January 2, 2020

List of Attachments:

- Attachment 1: Application to the Victoria Housing Reserve Fund
- Attachment 2: Aerial Map – 11 Chown Place