

Memo



TO: Robert Batallas, Senior Planner, City of Victoria

FROM: Kimberly Lemmon, Senior Project Coordinator, Regional Housing

DATE: 2020 September 30

SUBJECT: 330 Michigan Victoria Housing Reserve Fund Grant Revision

The Capital Region Housing Corporation is the largest social housing operator within the capital region, providing affordable rental housing to a variety of individuals, families and persons with disabilities who earn low to moderate incomes. We own and operate 47 affordable housing properties within the Capital Region and pride ourselves on offering exceptional tenant supports and integrating our mixed-income projects into established neighbourhoods.

Background

Michigan Square is an existing affordable housing development in James Bay containing 62 units within 4 buildings that require extensive building envelope remediation at a significant expense that could not be recouped through rents from tenants. In order to retain affordable, sustainable and attractive housing stock within the urban residential neighbourhood, CRHC is proposing to redevelop a portion of the property to construct 97 new units within 2 four-storey apartments that are contextually sensitive to the surrounding neighbourhood and offer enhanced amenities for our tenants.

Grant Funding

The Michigan Square redevelopment has received grant funding approval from the City of Victoria Council for \$1,020,000 through the Housing Reserve Fund (VHRF) to fund a portion of the construction of 91 new units. Unfortunately, the terms of accepting the grant included execution of a housing agreement that defined 'moderate income' that was incompatible with BC Housing's definitions contained within their Operating Agreement.

In order to receive financing from BC Housing, CRHC is bound by the terms of the operating agreement and the established definitions. Without the support of BC Housing's grants, interim construction financing or take out financing, these redevelopments could not be built.

Program Guidelines and Income Definitions

The VHRF program guidelines establish definitions for very low, low and moderate incomes based upon census data for the metropolitan area. BC Housing defines low to moderate incomes with two different income limits based upon family size and median incomes across BC.

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BC Housing Definition of Low to Moderate Income is defined as:

- a. *For residential units with less than two (2) bedrooms, a gross household income that does not exceed the median income for couples without children in B.C., as determined by BC Housing from time to time. **For 2020, this figure is \$74,150.***
- b. *For residential units with two (2) or more bedrooms, a gross household income that does not exceed the median income for families with children in B.C., as determined by BC Housing from time to time. **For 2020, this figure is \$113,040.***

The VHRF Definition of Moderate Income is defined as:

“households with incomes at or below the latest available census data for the Victorian Census Metropolitan Area median total income, as defined by Statistics Canada.”

A review of the 2016 census determined median household income as \$70,283. This income limit does not align with BC Housing’s assigned limit, and would violate the terms of the Operating Agreement.

Impact to Michigan Grant Request

The City of Victoria Council previously approved a \$1,020,000 grant for 91 units, based upon the following unit mix, affordability levels and estimated rents.

Table 1: Approved Michigan Grant Amount, Unit Mix & Rents

Unit Size	Unit #	Affordability Level	Monthly Rent	VHRF Funding Granted per Unit	TOTAL
Studio	7	Very Low Income	\$ 375	\$ 10,000	\$ 70,000
One Bedroom	12	Very Low Income	\$ 375	\$ 10,000	\$ 120,000
	9	Low Income	\$ 739	\$ 10,000	\$ 90,000
	12	Moderate Income	\$ 1,250	\$ 5,000	\$ 60,000
Two Bedroom	1	Very Low Income	\$ 570	\$ 20,000	\$ 20,000
	11	Low Income	\$ 960	\$ 20,000	\$ 220,000
	35	Moderate Income	\$ 1,800	\$ 10,000	\$ 350,000
Three Bedroom	2	Low Income	\$ 1,380	\$ 30,000	\$ 60,000
	2	Moderate Income	\$ 2,000	\$ 15,000	\$ 30,000
	6	Market	\$ 2,480	Not Eligible	\$ -
	97				\$1,020,000

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Revised Grant Request

Based upon the above census definition for moderate incomes, units with rents over \$1750 would not meet moderate income targets and would instead be considered market units. The change in definition will impact 37 units that were identified to receive \$380,000 in grant funding.

A revised analysis of unit eligibility under the VHRF program would see the grant request decreased from \$1,020,000 to \$620,000 to fund 59 affordable rental units that will be guaranteed for 60 years.

Table 2: Michigan Revised VHRF Grant Amount

Unit Size	Approved Units	Revised Units	Affordability Level	Monthly Rent	VHRF Funding per Unit	Previous Grant Amount	Revised Grant Amount
Studio	7	7	Very Low Income	\$ 375	\$10,000	\$ 70,000	\$ 70,000
One Bedroom	12	16	Very Low Income	\$ 375	10,000	\$ 120,000	\$ 160,000
	9	9	Low Income	\$ 739	10,000	\$ 90,000	\$ 90,000
	12	8	Moderate Income	\$ 1,250	\$5,000	\$ 60,000	-
Two Bedroom	1	1	Very Low Income	\$ 570	\$ 20,000	\$ 20,000	\$ 20,000
	11	11	Low Income	\$ 960	\$20,000	\$ 220,000	\$ 220,000
	4	4	Moderate Income	\$ 1,800	\$10,000	\$ 40,000	\$ -
	11	11	Moderate Income	\$ 1,950	\$10,000	\$ 110,000	\$ -
	20	20	Moderate Income	\$ 2,000	\$10,000	\$ 200,000	\$ -
Three Bedroom	2	2	Low Income	\$ 1,380	\$ 30,000	\$ 60,000	\$ 60,000
	2	2	Moderate Income	\$ 2,000	\$15,000	\$ 30,000	\$ -
	6	6	Market	\$ 2,500	\$ -	\$ -	\$ -
	97	59/97				\$1,020,000	\$620,000

Conclusion

CRHC requests that City of Victoria Council approve an adjustment in the grant funding for Michigan Square to \$620,000 to allow for the project to be funded through BC Housing. In addition to reducing the grant funding requested, CRHC has increased the number of one-bedroom units for very low income individuals who are at greatest risk of homelessness in response to the increased demand.