

# Consultation Summary with Non-Profit Housing Providers and Funders

## *Approach and Purpose*

The Victoria Housing Reserve Fund (VHRF) provides grants for the development and retention of affordable rental and home ownership projects – it is one of the City’s most direct ways of supporting affordable housing supply. The VHRF guidelines receive ongoing monitoring to ensure they reflect current City priorities and are achieving their intended purpose. The *Victoria Housing Strategy Phase Two* includes an action to review the VHRF guidelines after each intake date to ensure alignment with current City priorities, Housing Strategy actions and ability to achieve housing targets. The purpose of these updates is to ensure that the City’s limited Housing Reserve Funds are allocated equitably to a variety of projects, to ensure the long-term viability of the fund, to reduce uncertainty for applicants and the City, and to ensure the Guidelines are better aligned with other City housing policies along with funding programs from other levels of government.

## *Council Direction*

At the Special Council meeting of June 4, 2020, Council directed staff to re-prioritize actions in the *Victoria Housing Strategy* to improve housing security as part of COVID-19 recovery. In this process, four actions were expedited, and new actions were identified. One of the new actions was to advance and support the rapid supply of affordable and supportive housing with government partners and non-profit housing providers. Updates to the VHRF guidelines are being considered as part of this action.

## *Methods of Consultation*

Engagement with non-profit and government stakeholders took place throughout 2020. The consultation included engaging in three different ways, to ensure that each organization had the chance to ask questions and offer feedback on the proposed changes:

1. An email request for input, which outlined the proposed changes to the VHRF guidelines;
2. One-on-one phone conversations to follow-up on the initial request for input; and
3. A virtual non-market development workshop in October 2020, where guiding questions considered the proposed changes to the guidelines and process improvements for supporting affordable housing developments and participants had the chance to reflect and discuss with City staff.


Part of this consultation included identifying opportunities to improve, simplify and expedite the VHRF grant application guidelines and process for affordable development projects. Consultation with non-profit housing providers and funders is an ongoing process and conversations will continue happening to find new ways to advance and support the rapid supply of affordable and supportive housing across the city.

## *Participants*


In total, 18 different non-profit housing providers and funders were contacted for feedback. Representatives from the following organizations and funders responded and provided the responses contained in this summary (11): Greater Victoria Housing Society; United Way of Greater Victoria; Habitat for Humanity; Victoria Cool Aid Society; United Church of Canada; PHS Community Services Society; Pacifica Housing; Capital Regional Housing Corporation; Capital Regional District; BC Housing; and Canada Mortgage and Housing Corporation (CMHC).

## Feedback:

Comments from non-profit housing providers and funders, from ongoing discussion, emails, phone calls, and a virtual workshop based on proposed guideline changes, are included below.

Proposed change	Feedback from non-profit housing providers and funders	Level of support
<p><i>1. Clarification on Deep Subsidy, Rent-Geared to Income (RGI), and other senior government funding definitions within the guidelines</i></p>	<ul style="list-style-type: none"> <li>Received very strong support from non-profit housing providers and funders</li> <li>Alignment with BC Housing and other senior government funders, and clarification on eligibility for projects receiving funding from partners other than the City is important: <ul style="list-style-type: none"> <li>Ensure that we are funding very low, low, and median income units, and look at projects more holistically</li> <li>Have a higher threshold/allowance of affordable rental units that are partnered with BC Housing to better align with BC Housing funding criteria and allow flexibility within affordability definitions over time, which will allow non-profits to create more units throughout city</li> <li>Community Housing Fund projects that contain other unit types would still be eligible, but only for specific units that meet the income thresholds in the guidelines</li> </ul> </li> <li>Concerns from one provider: <ul style="list-style-type: none"> <li>Tying VHRF too closely to funding programs that tend to change over time: Eg. Rent-Geared-to-Income funding from senior governments may be fully subscribed within the next year</li> <li>Important to prioritize applications that will provide the deepest level of affordability but wonders if there is a different way of determining these income thresholds and rental rates</li> <li>Make sure senior funding definitions are general, not tied to one funding program</li> </ul> </li> </ul>	<p><b>Very Strong</b></p> 
<p><b>STAFF RECOMMENDATION:</b></p>	<p><b>Include fund eligibility to homes rented at Deep Subsidy, Rent Geared to Income (RGI) and Housing Income Limits (HILs) rates.</b></p> <p><b>AND</b></p> <p><b>Update the <i>Victoria Housing Strategy Phase Two</i> document, page 47, to include with respect to Housing Affordability Targets:</b></p> <ul style="list-style-type: none"> <li><b>Notwithstanding the income targets provided above, to support the expeditious development of affordable housing, proposals which are owned and operated by senior government agencies and non-profit housing providers, where homes are rented at Deep Subsidy, Rent Geared to Income or Housing Income Limit Rates are considered to meet the City's definition of "affordable housing".</b></li> </ul>	

<p><i>2. Changing the per-unit funding amount and adding a new, funding allocation for studio units, to increase the number of non-profits receiving funds</i></p> <p><b>STAFF RECOMMENDATION:</b></p>	<ul style="list-style-type: none"> <li>Received strong support from non-profit housing providers <ul style="list-style-type: none"> <li>Most providers did not raise concerns that these changes would compromise potential viability of affordable housing proposals</li> </ul> </li> <li>One provider mentioned that we should have some flexibility in the per-unit funding amount, agreed that partnering with more non-profits was preferred</li> <li>Concerns from one provider: <ul style="list-style-type: none"> <li>The reality is that studio units will be the most common unit type provided for income assistance level shelter rate / deep subsidy housing through BC Housing funding programs</li> <li>Reducing the grant level for studio units to \$7500 per unit will penalize projects that are responding to the need to provide permanent housing solutions for people experiencing homelessness in our community</li> <li>\$2500 in equity isn't adequate to support the cost differential between a 350 sf unit and a 500 sf unit</li> </ul> </li> </ul> <p><b>Strong</b> ✓✓✓✓</p> <p><b>Decrease the eligible funding allocation for different levels of affordability per home.</b></p>
<p><i>3. Funding cap of \$500,000 per project, to increase the number of non-profits receiving funds</i></p> <p><b>STAFF RECOMMENDATION:</b></p>	<ul style="list-style-type: none"> <li>Received strong support from non-profit providers</li> <li>One mentioned that some projects need more funding than others, so it is not always equitable to cap grants at \$500,000</li> <li>One provider voiced Housing Agreement concerns about the funding cap: <ul style="list-style-type: none"> <li>To provide for Rent-Geared-to-Income-level affordability certainty for 60 years is an extreme ask while only giving \$500,000 worth of funding</li> </ul> </li> </ul> <p><b>Strong</b> ✓✓✓✓</p> <p><b>The VHRF guidelines help guide Council's decisions on providing grants, but they are guidelines (not regulations) and Council may determine appropriate grants on a case-by-case basis. On that basis, it is recommended to add a total funding cap for grant contributions to not exceed \$500,000 per project as general guidance.</b></p>
<p><i>4. Requiring that development permit approvals be in place before applying to the VHRF</i></p>	<ul style="list-style-type: none"> <li>Most non-profits were <b>not</b> supportive of having VHRF applications only eligible for consideration after the DP/Rezoning is complete: <ul style="list-style-type: none"> <li>Concerned about their ability to leverage funding from senior government funders</li> <li>Separating the funding from the rezoning process would add simplicity for the City's process but would cause issues for non-profits</li> </ul> </li> <li>Issues with securing funding <ul style="list-style-type: none"> <li>To get a DP, half a million dollars will have been spent already</li> <li>May make it complicated for projects to proceed if they do not have financial support earlier on in the planning process, or at least some indication of future financial support</li> </ul> </li> </ul> <p><b>Weak</b> ✓</p>

	<ul style="list-style-type: none"> <li>○ Challenging because BC Housing needs to know early in the decision-making process whether the City will be a partner.</li> <li>○ Support indicated prior to final project approval would be best for non-profit organizations</li> <li>• The VHRF funding can be used as a catalyst to confirm other funding sources; for instance, the CMHC Co-Investment fund requires confirmed funding from other sources in order to leverage their funding/financing into a project. Oftentimes we are submitting funding applications while we are proceeding through the Rezoning/DP application process. If there was a way to submit an application for VHRF and be provided with a letter of intent subject to Council approval – it might help with leveraging other funders to support a project</li> </ul>	
<b>STAFF RECOMMENDATION:</b>	<b>Revise the application process timeline so that grant applications that receive preliminary approval by Committee of the Whole are held for final approval by Council until development approvals are in place.</b>	
<b>5. No longer funding affordable homeownership projects</b>	<ul style="list-style-type: none"> <li>• This change received very strong support from all housing providers except for one non-profit provider that specializes in home ownership: <ul style="list-style-type: none"> <li>○ Discouraged to see a change in eligibility criteria that would exclude their program, would like for their affordable development home ownership projects that serve median incomes to be considered for grant for providing median income homeownership units</li> </ul> </li> </ul>	<b>Very Strong</b> 
<b>STAFF RECOMMENDATION:</b>	<b>Remove reference to funding assistance for affordable home ownership projects from the statement noting the primary purpose of the fund, but include a note that affordable home ownership projects may be considered that achieve median income target thresholds or HILs rates.</b>	

*Feedback from non-profit housing providers and funders*

*Other comments:  
What is the one key  
take-away solution  
for encouraging  
development of non-  
market housing in  
the City?*

- Process streamlining:
  - Balance the timing and the process for bringing VHRF grants forward
  - Consider that Housing Agreement requirements impact process timelines and create additional costs for non-profits, especially if they are also securing affordability through an operating agreement or other legal agreement with BC Housing
  - Nimbleness and responsiveness, built-in check-in points are necessary
  - Maintain flexibility in terms of the changes to the VHRF, but have more stability over time so funders know what to expect during each intake period
  
- Alignment with other funders for affordability and legal agreements:
  - Clearly communicate to Council and the public what is receiving funding, and how long units will be secured affordable through Housing or Legal Agreements with the City and/or other funders
  - City Housing agreements should be streamlined with provincial agreements, and senior government funders should also be at the table during these discussions
  - Most non-profit housing provider bylaws and missions do not allow them to build anything other than affordable housing
  - Aligning with BC Housing operating agreements and housing is also important
  - Incentives for mixed housing developments should also be clarified
  
- Other comments/ suggestions:
  - Explore best-practices sharing amongst communities in British Columbia, for Housing Reserve Funds
  - Need to consider waiving or reducing DCC's for non-profits, because the grant does not always cover them
  - Helpful and refreshing, that the City is wanting to collaborate with stakeholders
  - City should keep managing expectations to understand ahead of time about how to reduce risks for non-profits
  - Consider use of the funds to buy strategic land for affordable housing in future

## Email responses:

### 1. Habitat for Humanity

*Thank you for including Habitat for Humanity Victoria in your invitation for input.*

*As a unique affordable homeownership program specifically designed to provide affordable housing to what is here described as “median income”, we would obviously be very discouraged to see a change in eligibility criteria that would exclude our program. Habitat for Humanity Victoria is a registered charity with a vision that everyone should have a safe and decent place to live and a specific mission to help families build strength, stability and independence through affordable homeownership. To the best of my knowledge, there is no other charity like it, and that other “affordable homeownership” programs are either run by not-for-profits or government entities and do not approach it the way Habitat does nor serve the lower-income demographic we do (we use BC Housing’s Housing Income Limits as our upper qualifying income).*

*For the past few years, Habitat Victoria has been working with municipalities and developers to create a win-win-win partnership where the municipality supports/encourages in a variety of ways (through its policies and funding) that, during the rezoning phase, a developer partner with Habitat by providing donated serviced land to integrate affordable housing into their project. The developer “wins” because they get their project rezoned and approved (subject to the donation of land/units to Habitat) in a way that does not create an ongoing obligation for them (unlike affordable rental). The municipality “wins” because affordable housing is created **concurrently with market housing** in the region (when it has neither the land nor the financial capacity to deliver this itself), and finally Habitat “wins” because it removes the cost of the land from the equation, enabling it to deliver more affordable units. And finally, the future Habitat homeowners “win” because they are provided with a stable, affordable equity solution to their housing needs which is rarely attained through rental. The “locus of control” lies with the family and they build much deeper roots with their community.*

*Currently, we are building a 10-unit project in North Saanich on land that was 100% donated by a developer when Council approved a rezone of his portion of the development, 17 market single family homes. Habitat is undertaking the largest build in its history because of this donation, and it represents 37% of the total units created. In both 2019 & 2020, we created similar arrangements within Central Saanich, where two different market developers donated serviced lots to Habitat as part of their 18 and 17 unit developments of bare land stratas. Again, the Habitat homes were delivered concurrently with the market housing.*

*It may be that this particular source of funding is better allocated toward rental needs. However, we sincerely hope that there is an understanding of how Habitat’s model may, in many situations, provide even greater stability and improved financial outcomes for median income families than affordable rental program may allow. Particularly since we focus on the upper financial end of the same demographic served through charities providing affordable rental, with a geared to income monthly payment set annually.*

*I welcome the opportunity to share more about our program should this be helpful. Although we do not yet have a project identified in the City of Victoria, there is certainly an acute need for it. If an were an opportunity to present itself, I would certainly hope that our program would meet eligibility for programs that support the creation of affordable housing in this way.*

## 2. BC Housing

Thanks for this. Please see my comments below in Red.

Hello,

We hope you are all staying well during this time.

The City of Victoria is seeking your input on an update to the eligibility requirements and funding assistance structure of the [Victoria Housing Reserve Fund Guidelines](#) ahead of the next funding deadline. The purpose of these changes is to ensure that the City's limited Housing Reserve Funds are allocated more equitably to a variety of projects, to ensure the long-term viability of the fund, to reduce uncertainty for applicants and the City, and to ensure the Guidelines are better aligned with City housing policy. **Your input on the following proposed changes will help to formulate draft staff recommendations:**

<b>Proposed Change</b>	<b>Purpose</b>
A change in the program to no longer fund affordable homeownership projects	To focus funding on affordable rental housing projects
A requirement that projects have development permit approvals in place	To reduce uncertainty for staff, applicants, and Council
Clarification on very low income and RGI unit eligibility	To better align with BC Housing funding programs
A decrease in the maximum eligible funding per unit	To ensure funding is distributed equitably and available for more projects
A funding cap of \$500,000 per project	To ensure funding is distributed equitably and available for more projects <i>some projects need more \$\$ so what is equity? Treating everyone the same? What about use of the funds to buy strategic land for affordable housing?</i>

Details are below.

(Changes are highlighted in yellow)

CURRENT	PROPOSED
<p><b>Program Overview</b></p> <p>The Victoria Housing Reserve Fund was established for the purpose of the providing one-time grants for funding to:</p> <ul style="list-style-type: none"> <li>Assist in the development and retention of affordable housing for households with very low, low, or median incomes to support community diversity and infrastructure; and</li> <li>Facilitate the development of affordable rental housing, and affordable home ownership projects.</li> </ul>	<p><b>Program Overview</b></p> <p>The Victoria Housing Reserve Fund was established for the purpose of providing one-time <b>capital</b> grants for funding to:</p> <ul style="list-style-type: none"> <li>Assist in the development and retention of affordable <b>rental</b> housing for households with very low, low, or median incomes to support community diversity and infrastructure; <del>and</del></li> <li><del>Facilitate the development of affordable rental housing, and affordable home ownership projects.</del></li> </ul>
<p><b>Project Eligibility</b></p> <p>All projects must:</p> <ul style="list-style-type: none"> <li>Include financial leveraging and partnerships with other government funding agencies, private industry, community agencies and/or individuals;</li> <li>Have VHRF contributions not exceed non-refundable contributions from other levels of government on the same project;</li> <li>Target housing for very low, low, and median income households as defined above;</li> <li>Adhere to the Tenant Assistance Policy and submit a Tenant Assistance Plan for staff approval;</li> <li>Be located in the City of Victoria;</li> <li>Utilize housing reserve funds for construction, development, purchase, or other one-time costs at the discretion of Council;</li> <li>If approved, enter into a Housing Agreement securing units funded as affordable housing in perpetuity, or for a time negotiated and approved by Council motion.</li> </ul>	<p><b>Project Eligibility</b></p> <p>All projects must:</p> <ul style="list-style-type: none"> <li><b>Have zoning and development permit approvals in place; this is challenging as we do not know early in the decision making if the city is a partner. However, this should work as it would be indicated prior to Final Project approval. It would be nice to have some sort of earlier indication.</b></li> <li>Include financial leveraging and partnerships with other government funding agencies, private industry, community agencies and/or individuals;</li> <li>Have VHRF contributions not exceed non-refundable contributions from other levels of government on the same project;</li> <li>Target housing for very low, low, and median income households as defined above;</li> <li>Adhere to the Tenant Assistance Policy <b>and submit a Tenant Assistance Plan for staff approval (if applicable);</b> <b>how does this align with BCH practices and we are working on our own tenant relocation guidelines</b></li> <li>Be located in the City of Victoria;</li> <li>Utilize housing reserve funds for construction, development, purchase, or other one-time costs at the discretion of Council;</li> </ul>



- If approved, enter into a Housing Agreement securing units funded as affordable housing in perpetuity, or for a time negotiated and approved by Council motion.
- **Ongoing operating subsidies are ineligible for funding. what does this mean? All of our new programs have these subsidies? Or are you referring to things like the Fairfield.**

#### Income Thresholds

Targets & Income Thresholds	Bachelor	1-bed	2-bed	3-bed
Very low Income <\$19,999	\$375	\$425	\$575	\$700
Low Income \$20,000 to \$34,999	\$500	\$650	\$850	\$1,000
Median Income \$35,000 to \$54,999	\$875	\$1,050	\$1,300	\$1,750

#### Income Thresholds and Maximum Rents by Unit Size

Targets & Income Thresholds*	Studio	1-bed	2-bed	3-bed
Very low Income <\$19,999	\$375	\$425	\$575	\$700
Low Income \$20,000 to \$34,999	\$500	\$650	\$850	\$1,000
Median Income \$35,000 to \$54,999	\$875	\$1,050	\$1,300	\$1,750

**\*See Funding Assistance, below**

**Funding Assistance**

Maximum funding for eligible projects under this program is allocated on a per unit basis as follows:

	<b>1 Bedroom Unit</b>	<b>2 Bedroom Unit</b>	<b>3+ Bedroom Unit</b>
<b>Very Low Income Rental</b>	\$10,000	\$20,000	\$30,000
<b>Low Income Rental</b>	\$10,000	\$20,000	\$30,000
<b>Median Income Rental</b>	\$5,000	\$10,000	\$15,000

**Funding Assistance**

Maximum funding for eligible projects under this program is allocated on a per unit basis, **up to a maximum of \$500,000 per project** as follows:

	<b>Studio</b>	<b>1 Bedroom Unit</b>	<b>2 Bedroom Unit</b>	<b>3+ Bedroom Unit</b>
<b>Very Low Income Rental*</b>	\$7,500	\$10,000	\$15,000	\$20,000
<b>Low Income Rental</b>	\$5,000	\$7,500	\$10,000	\$15,000
<b>Median Income Rental**</b>	\$2,500	\$5,000	\$7,500	\$10,000

**\*BC Housing funded Deep Subsidy Units are eligible for Very Low-Income funding**

**\*\*BC Housing funded Rent Geared to Income Units are eligible for Median Income funding this is very helpful thank you. Would CHF projects that contain other unit types still be eligible and just no funding for those units? This should be made explicitly clear.**

### 3. Victoria Cool Aid Society

1. *A requirement that projects have development permit approvals in place:*
  - *The VHRF funding can be used as a catalyst to confirm other funding sources; for instance, the CMHC Co-Investment fund requires confirmed funding from other sources in order to leverage their funding/financing in to a project. Oftentimes we are submitting funding applications at the same time that we are proceeding through the Rezoning/DP application process. If there was a way to submit an application for VHRF and be provided with an LOI subject to Council approval – it might help with leveraging other funders to support a project.*
2. *Clarification on very low income and RGI unit eligibility:*
  - *I think it is challenging to tie the VHRF funding too closely with any specific funding program, especially since RGI which is part of the BC Housing CHF program has not been widely available and it might not continue past this next RFP process.*
  - *I think it's important to prioritize applications that will provide the deepest level of affordability but wonder if there is a different way of determining these income thresholds and rental rates.*
3. *Changes to the funding level:*
  - *The reality is that studio units will be the most common unit type provided for income assistance level shelter rate housing. Reducing the grant level for studio units to \$7500 per unit will penalize projects that are responding to the need to provide permanent housing solutions for people experiencing homelessness in our community. \$2500 in equity isn't adequate to support the cost differential between a 350 sf unit and a 500 sf unit.*