

Victoria Housing Reserve Fund Guidelines Update

March 18, 2021



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Purpose

- To provide Council with recommended improvements to the Victoria Housing Reserve Fund Guidelines.



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Background

- VHRF was established to assist in the development and retention of affordable housing.
- VHRF guidelines receive ongoing monitoring to ensure they reflect current City priorities.
- City is working to support the rapid supply of affordable and supportive housing as part of COVID-19 recovery.
- Victoria has targeted the creation of 1450 new affordable homes by 2025, that may be realized through funding from government programs, including the VHRF.



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Fund Capacity Review

- The VHRF has a current unallocated balance of approximately \$3,868,749.
- On average, between 2006 and 2018, there were five or fewer applications to the fund per year, with two applications most years.
- Since 2018, the VHRF has experienced a significant increase in applications for funding.



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Engagement

- Consultation with non-profits housing providers to inform improvements included:
 - ✓ Requests for input by email
 - ✓ One-on-one phone conversations
 - ✓ A non-market development workshop (held virtually)
- 18 organizations were contacted in total
- 10 non-profit housing providers and funders attended the workshop

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What We Heard

- Complex grant application process
- Affordability misalignments with BC Housing
- Strong support for proposed changes



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VHRF Program Improvements

1. Focus on Rental

Provide financial support for affordable rental housing over affordable homeownership projects

Funding Assistance

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

	1 Bedroom Unit	2 Bedroom Unit	3+ Bedroom Unit
Very Low Income Rental	\$10,000	\$20,000	\$30,000
Low Income Rental	\$10,000	\$20,000	\$30,000
Median Income Rental	\$5,000	\$10,000	\$15,000
Affordable Home Ownership	\$5,000	\$10,000	\$15,000



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VHRF Program Improvements

2. Equitable Distribution of Grants

- Proposed funding limit of \$500,000 per project (unless otherwise approved by Council)
- Proposed decrease in eligible funding per bedroom for some unit types

Rationale:

- Ensures funding is available for more projects and housing providers



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Equitable Distribution

Eligible Affordability Levels	Eligible Amount Per Housing Unit						
	<i>Studio (NEW)</i>	<i>1 Bedroom</i>		<i>2 Bedroom</i>		<i>3+ Bedroom</i>	
	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Very Low Income	\$7,500	\$10,000	\$10,000	\$20,000	\$15,000	\$30,000	\$20,000
Low Income	\$5,000	\$10,000	\$7,500	\$20,000	\$10,000	\$30,000	\$15,000
Median Income	\$2,500	\$5,000	\$5,000	\$10,000	\$7,500	\$15,000	\$10,000



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VHRF Program Improvements

3. Maximizing Effectiveness of Government Funding Programs

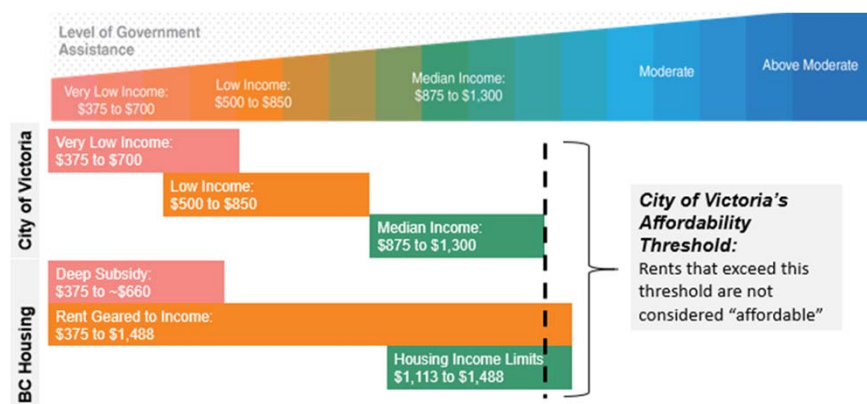
- All levels of government (including Victoria) have different funding program requirements
- All share same objective
- Projects funded from multiple programs have experienced challenges
- Acknowledging this in the VHRF guidelines may better facilitate affordable housing projects in Victoria



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Comparing the City of Victoria's BC Housing Affordable Rents for Studio to 2-Bedroom Units



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Policy Solutions for Clarity

Eligible Affordability Levels		Eligible Amount Per Unit			
<i>City of Victoria Targets</i>	<i>BC Housing Definitions*</i>	<i>Studio</i>	<i>1 Bedroom</i>	<i>2 Bedroom</i>	<i>3+ Bedroom</i>
Very Low Income	Deep Subsidy	\$7,500	\$10,000	\$15,000	\$20,000
Low Income	Rent Geared to Income	\$5,000	\$7,500	\$10,000	\$15,000
Median Income	Housing Income Limits	\$2,500	\$5,000	\$7,500	\$10,000

*Notwithstanding the Affordability Targets established in the *Victoria Housing Strategy Phase Two 2019-2025*, housing units subsidized by BC Housing at Deep Subsidy, Rent Geared to Income and Housing Income Limit rates are eligible for grant funding.



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VHRF Program Improvements

4. Adjust Application Process

- Projects considered for preliminary grant approval
- If preliminary approval received, grant application held while development applications proceed
- Final approval of grant to align with final development approvals
- Allows Council to consider all applications at once
- Preliminary approval may help applicants leverage funding from other levels of government



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Recommendation

That Council direct staff to:

1. Update the VHRF Guidelines to:
 - a. Remove reference to funding assistance for affordable home ownership projects.
 - b. Decrease funding allocation per bedroom for some units and add a funding cap per project.
 - c. Allow eligibility for homes rented at Deep Subsidy, Rent Geared to Income (RGI) and Housing Income Limits (HILs) rates.



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Recommendation

That Council direct staff to:

2. Revise the grant application process so that projects can receive preliminary approval while development approvals are in progress.
3. Update the *Victoria Housing Strategy* to clarify that proposals owned and operated by senior government agencies and non-profit housing providers, where homes are rented at Deep Subsidy, RGI or HIL rates and are within the City's income targets are considered to meet the City's definition of "affordable housing."



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