



Committee of the Whole Report

For the Meeting of May 27, 2021

To: Committee of the Whole **Date:** May 4, 2021

From: Karen Hoes, Director, Sustainable Planning and Community Development

Subject: **Victoria Housing Reserve Fund Application for 1419 Mallek Crescent**

RECOMMENDATIONS

That Council approve a grant from the Victoria Housing Reserve Fund to the Kiwanis Village Society of Victoria in the amount of \$305,000 to assist in the construction of a four-storey 78-unit housing project at 1419 Mallek Crescent, subject to the following conditions:

1. 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.
2. The execution of a Housing Agreement, in the form satisfactory to the City Solicitor, to secure 78 new housing units as rentals in perpetuity for seniors (55+) with median income levels as follows:
 - a) 36 studio units;
 - b) 40 one-bedroom units;
 - c) 2 two-bedroom units.
3. The applicant fulfills the applicable requirements of the Victoria Housing Reserve Fund Guidelines; and
4. 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 Kiwanis Village Society of Victoria. The grant application is seeking \$305,000 to assist in the development of a four-storey, 78-unit affordable housing apartment on a portion of a 3.2 hectare parcel at 1419 Mallek Crescent (Attachment 2).

The application complies with the applicable VHRF Guidelines and outlines a proposed new development that will provide affordable rental housing for seniors. The project includes (36) studio units, (40) one-bedroom units and (2) two-bedroom units that will be dedicated for seniors

with median level incomes. The proposed monthly rental rates for median income units are proposed to be lower than the VHRF Guidelines and will be secured through a Housing Agreement.

A delegated Development Permit was issued by the City on April 30, 2021 for this development under the existing zoning. The proposed development site is currently vacant, therefore the City's Tenant Assistance Policy does not apply.

The VHRF has a current unallocated net balance of \$3,868,799, which includes \$705,000 from a previous community amenity contribution that Council allocated for affordable housing for seniors. The VHRF application for 1419 Mallek Crescent is the only VHRF application received through the recent intake process on March 31, 2021 and is seeking to develop dedicated affordable housing for seniors. If approved, this grant will be subject to the execution of a Housing Agreement and a Housing Fund Grant Agreement.

The property located at 1419 Mallek Crescent currently has a portion that is taxable and a portion that is exempt from property taxes in accordance with criteria from the British Columbia Assessment Act. The proposed 78 unit apartment is anticipated to be taxable as a residential building.

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 Kiwanis Village Society of Victoria to assist in the construction of a four-storey, 78-unit, affordable housing at 1419 Mallek Crescent.

BACKGROUND

Located in the Oaklands neighbourhood at 1419 Mallek Crescent, the proposed building will be added onto a site with existing housing at Kiwanis Village. Kiwanis Village is a large 3.2 hectare site currently containing 146 units of affordable rental housing for seniors through a mix of building types including a low-rise apartment (2000), an 18-unit townhouse complex (1982), and various duplex and cottage buildings (1950s). Kiwanis Village is owned and operated by the Kiwanis Village Society, a registered non-profit organization with a long history of providing modest independent affordable housing for seniors.

The Kiwanis Village Society is part of the Kiwanis Club of Victoria that was founded in 1920 and has been actively involved in developing and managing affordable housing projects in Victoria including a portfolio of mortgage free buildings. This project reflects the vision of the Society and aligns with the VHRF program by providing affordable housing for seniors in Victoria.

ISSUES AND ANALYSIS

Staff have reviewed the application and conclude that the project meets the VHRF Guidelines as outlined below and is a positive investment for the City that will lead to the construction of a total of 78 housing units for seniors with median incomes.

Unit Composition and Affordability Table

The new building at 1419 Mallek Crescent proposes to include units that fall within the criteria for median income limits, as set out in the VHRF Guidelines and are outlined in the table below.

Unit Type	Number of Units	Income Level	Proposed Monthly Rent	Eligible VHRF Monthly Rent	VHRF Contribution per Unit	VHRF Total Contribution
Studio (Seniors)	36	Median	\$660	\$875	\$2,500	\$90,000
1 bedroom (Seniors)	40	Median	\$865	\$1,050	\$5,000	\$200,000
2 bedroom (Seniors)	2	Median	\$1200	\$1,750	\$7,500	\$15,000
Total Units	78					\$305,000

The proposed monthly rents for all funded units are below the maximum rent thresholds for median incomes as outlined in the VHRF Guidelines, thereby supporting greater levels of affordability for seniors than required by the fund guidelines.

Leveraging Additional Funding

The Kiwanis Village Society has secured a \$50,000 grant from Canada Mortgage and Housing Corporation (CMHC) to support project planning. In addition, the Society is providing a \$3,000,000 cash contribution, debt-free land and \$3,500,000 in equity that has been leveraged from an adjacent apartment building. Operations at the new Kiwanis Village building are anticipated to be largely supported by the monthly rents received and do not include operating subsidies from senior government.

The proposed City of Victoria VHRF contribution of \$305,000 represents approximately 2.1% of the total capital project cost (\$14,189,600) and 4.6% of all grants and contributions (\$6,550,000) 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 the Kiwanis Village Society.

Project Priorities

The Kiwanis Village project aligns with several project priorities of the VHRF Guidelines, including the development of rental housing for seniors, providing a mix of unit types including barrier free and accessible units, affordability secured in perpetuity, and projects that receive no other support from the City of Victoria.

The project also supports Victoria Housing Strategy priorities, by increasing the city's supply of affordable and accessible rental homes for seniors.

Required Approvals

A delegated Development Permit was issued by the City on April 30, 2021 for the construction of a four-storey, multi-unit residential building under the existing zoning (R3-G-K Zone – Garden Apartment (Kiwanis) District).

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 78 new units of rental housing for seniors (55+) that qualify as median-income tenants as defined in the Victoria Housing Reserve Fund Guidelines;
- secure a mix of studio, one bedroom, and two bedroom rental units as outlined in the grant application for 1419 Mallek Crescent; and
- secure 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 Policy

The new building is proposed to be constructed on a vacant site located along the west edge of the parcel and will not result in the displacement of tenants including those living in the other surrounding buildings at Kiwanis Village. Therefore, the City's Tenant Assistance Policy does not apply. More specifically, in anticipation of the proposed development, the Kiwanis Village Society received a demolition permit in February 2020 to demolish four duplex dwellings (3005-3023 Cook Street) and prepare the site. This process also included the relocation of tenants to other comparable dwellings within Kiwanis Village.

Capacity of the Victoria Housing Fund

The VHRF has a current unallocated net balance of \$3,868,799, which is calculated after excluding previously-approved grants for other projects. The current balance includes \$705,000 that is allocated to support affordable housing for seniors in accordance with a previously approved Council motion. This application was the only application received through the last intake process on March 31, 2020 and is proposing to develop purpose-built affordable housing dedicated to seniors. Therefore, should this grant be approved, \$400,000 would remain in the fund for future affordable seniors housing, and \$3,163,799 will continue to be available for future applications that are received.

Property Tax Status

On May 27, 2021, Council approved a motion directing that the property tax status of the proposed units be reported to Council when approval is sought for VHRF grant applications. The property located at 1419 Mallek Crescent has a residential tax classification and currently has a portion that is taxable and a portion that is exempt from property taxes in accordance with criteria from the British Columbia Assessment Act. The taxable portion includes both municipal property taxes as well as other taxes that are collected by the City on behalf of the CRD, School Districts, BC Transit, Hospitals, etc. Staff contacted BC Assessment and it is anticipated that the proposed 78 unit apartment building will be taxable as a residential apartment building.

OPTIONS AND IMPACTS

Option 1 - Approve the Grant Request (Recommended)

Approval of a \$305,000 grant request will support the Kiwanis Village Society in providing 78 units of additional dedicated affordable units for seniors within Kiwanis Village. This project meets several VHRF priorities, including the development of rental housing for seniors, providing a mix of unit types and affordability secured in perpetuity.

Option 2 – Approve a Reduced Grant Amount

Council may consider approving a reduced grant amount for the project; however, this could result in a reduced number of affordable housing units being provided and have other potential financial impacts on the project. This option is not recommended as there will continue to be a substantial balance in the VHRF to support other projects.

Option 3 - Decline the Grant Request

This option is not recommended as construction of the 78-unit affordable housing project may not be economically feasible without the grant and may also result in a reduction of units.

Accessibility Impact Statement

This grant request supports accessibility objectives as all units are designed to Basic Adaptable Housing with barrier-free access to all suites and amenity areas. Three of the units will also be designed as fully barrier-free accessible 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 \$305,000 grant to the Kiwanis Village Society will reduce the VHRF balance from \$3,868,799 to \$3,563,799, which would be comprised of \$400,000 dedicated for affordable senior housing and \$3,163,799 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 Kiwanis Village Society presented in this report is well aligned with VHRF priorities, exceeds the affordability requirements outlined in the Guidelines, provides an opportunity to access dedicated funding for affordable seniors housing, and would lead to the construction of 78 affordable housing units for seniors.

Respectfully submitted,

Robert Batallas,
Senior Planner
Community Planning Division

Karen Hoeser, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager.

List of Attachments

- Attachment 1: Application to the Victoria Housing Reserve Fund
- Attachment 2: Aerial Map – 1419 Mallek Crescent